

1 STROOCK & STROOCK & LAVAN LLP  
2 JULIA B. STRICKLAND (State Bar No. 083013)  
3 LISA M. SIMONETTI (State Bar No. 165996)  
4 DEBORAH E. BARACK (State Bar No. 207493)  
5 2029 Century Park East  
Los Angeles, CA 90067-3086  
Telephone: 310-556-5800  
Facsimile: 310-556-5959  
Email: *dbarack@stroock.com, lacalendar@stroock.com*

6 Attorneys for Defendant  
7 WASHINGTON MUTUAL BANK, formerly known as  
7 WASHINGTON MUTUAL BANK, FA

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

1 **TO PLAINTIFF AND TO HER ATTORNEYS OF RECORD:**

2 PLEASE TAKE NOTICE that, on September 17, 2008 at 9:30 a.m., or as soon thereafter as  
 3 this matter may be heard, in Courtroom 4 of the United States District Court for the Northern  
 4 District of California, located at 280 South First Street, #2112, San Jose, California, defendant  
 5 Washington Mutual Bank (“WMB”) will, and hereby does, move pursuant to Federal Rule of Civil  
 6 Procedure 12(b)(6) for an order dismissing the claims alleged against WMB in the First Amended  
 7 Complaint for Damages and Injunctive Relief filed on June 6, 2008 (the “Complaint”) by plaintiff  
 8 Veronica Latrease Jordan and Karen L. Jones-Boyle (together, “Plaintiffs”). This Motion is made  
 9 on the grounds that Plaintiff fails to state a claim upon which relief can be granted, as follows:

10 1. The First Cause of Action for violation of the Truth in Lending Act, 15 U.S.C. §  
 11 1601 et seq. (“TILA”), and its implementing regulation, 12 C.F.R. pt. 226 (“Regulation Z”), fails as  
 12 a matter of law. Contrary to Plaintiffs’ contentions in the Complaint, the disclosure statements  
 13 provided by WMB properly set forth all of the information required, and they do so in the manner  
 14 expressly set forth in the applicable regulations, including 12 C.F.R. §§ 226.17, 226.18 and 226.19,  
 15 and the Official Staff Commentary to Regulation Z, 12 C.F.R. pt. 226, Supp. I.

16 2. The Second Cause of Action for fraudulent omissions, the Third Cause of Action for  
 17 violation of California’s Unfair Competition Law, California Business & Professions Code section  
 18 17200 et seq., and the Fourth Cause of Action for breach of contract and breach of the implied  
 19 covenant of good faith and fair dealing are barred by federal preemption. Pursuant to the Home  
 20 Owners’ Loan Act, 48 Stat. 129, as amended, 12 U.S.C. § 1461 et seq., and 12 C.F.R. § 560.2, the  
 21 Office of Thrift Supervision has expressly occupied the entire field of regulating the lending  
 22 activities of federal savings associations such as WMB.

23 3. The Second Cause of Action fails to allege any conduct by WMB constituting fraud  
 24 by omission.

25 4. The Third Cause of Action fails to allege any unfair, unlawful or fraudulent business  
 26 act or practice by WMB.

STROOCK & STROOCK & LAVAN LLP  
 2029 Century Park East  
 Los Angeles, California 90067-3086

1       5. The Fourth Cause of Action fails to allege the breach of any contractual term of  
2 Plaintiffs' loan contracts or any violation of the covenant of good faith and fair dealing with respect  
3 thereto.

4       This Motion is based upon the Notice of Motion and Motion, the accompanying  
5 Memorandum of Points and Authorities, the concurrently filed Request for Judicial Notice, the  
6 pleadings and records on file herein, such further papers as may be filed in connection with the  
7 Motion and such further argument as may be presented in connection with the hearing on the  
8 Motion.

9 Dated: July 18, 2008

STROOCK & STROOCK & LAVAN LLP  
JULIA B. STRICKLAND  
LISA M. SIMONETTI  
DEBORAH E. BARACK

12 By: /s/ Deborah E. Barack  
13 Deborah E. Barack

14 Attorneys for Defendant  
15 WASHINGTON MUTUAL BANK, formerly  
16 known as WASHINGTON MUTUAL  
17 BANK, FA

STROOCK & STROOCK & LAVAN LLP  
2029 Century Park East  
Los Angeles, California 90067-3086

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10 STRICK & STROOCK & LAVAN LLP  
11 2029 Century Park East  
12 Los Angeles, California 90067-3086  
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## **MEMORANDUM OF POINTS AND AUTHORITIES**

## I. INTRODUCTION

3 By their First Amended Complaint for Damages and Injunctive Relief (the “Complaint”),  
4 plaintiffs Veronica Latrease Jordan (“Jordan”) and Karen L. Jones-Boyle (“Jones-Boyle”)  
5 (together, “Plaintiffs”) purport to assert various claims against defendant Washington Mutual Bank  
6 (“WMB”) challenging WMB’s disclosure of the terms of Plaintiffs’ option-adjustable-rate  
7 mortgage (“Option ARM”) loans. According to Plaintiffs, WMB violated the Truth in Lending  
8 Act, 15 U.S.C. § 1601 et seq. (“TILA”), and its implementing regulation, 12 C.F.R. pt. 226  
9 (“Regulation Z”), because the federally mandated disclosure statements provided by WMB on  
10 Plaintiffs’ Option ARMs supposedly failed to include the information required under Regulation Z.  
11 Plaintiffs further assert various state-law claims based on WMB’s alleged non-compliance with the  
12 federal disclosure requirements and supposed failure to adequately explain, or to comply with,  
13 Plaintiffs’ loan terms. These claims are entirely without merit.

14 First, Plaintiffs' claims for violation of TILA and Regulation Z fail as a matter of law.  
15 Contrary to Plaintiffs' contentions in the Complaint, the disclosure statements provided by WMB  
16 properly disclose all of the information required, and they do so in the manner expressly set forth in  
17 the applicable regulations, including 12 C.F.R. §§ 226.17, 226.18 and 226.19, and the Official Staff  
18 Commentary to Regulation Z, 12 C.F.R. pt. 226, Supp. I (the "Commentary").

19        Second, Plaintiffs’ state-law claims are entirely barred by federal preemption. Pursuant to  
20 the Home Owners’ Loan Act, 48 Stat. 129, as amended, 12 U.S.C. § 1461 et seq. (“HOLA”), and  
21 12 C.F.R. § 560.2, the Office of Thrift Supervision (“OTS”) has occupied the entire field with  
22 respect to the lending activities of federal savings associations such as WMB. OTS regulations  
23 expressly preempt any state laws that purport to regulate or are used to regulate, among other  
24 things, “[t]he terms of credit, including amortization of loans and the deferral and capitalization of  
25 interest and adjustments to the interest rate,” or “[d]isclosure and advertising, including laws  
26 requiring specific statements, information, or other content to be included in credit application  
27 forms, credit solicitations, billing statements, credit contracts, or other credit-related documents.”  
28 12 C.F.R. § 560.2(b)(4), (9). Plaintiffs’ state-law claims are therefore barred.

1        Third, even if not preempted -- which they plainly are -- Plaintiffs' state-law claims fail in  
2 any event. Plaintiffs' allegations of fraud are fundamentally defective, there simply is nothing  
3 "unlawful, unfair or fraudulent" about WMB's loan disclosures, and WMB breached no contractual  
4 terms in applying Plaintiffs' loan payments.

5 Accordingly, the Court should dismiss this action pursuant to Federal Rule of Civil  
6 Procedure 12(b)(6) in its entirety and without leave to amend.

## II. Allegations Of The Complaint

8 | A. The Parties

9 WMB is a federally chartered savings association located in Henderson, Nevada. (Request  
10 for Judicial Notice (“RJN”), Exs. A & B.) Plaintiffs entered into Option ARM loan agreements  
11 with WMB secured by their primary residences. (Dkt. No. 6, ¶¶ 2-3.) Copies of Plaintiffs’  
12 Adjustable Rate Notes (“Notes”) and Truth in Lending Disclosure Statements (“Disclosure  
13 Statements”) are attached to the Complaint as Exhibits 1 and 2. (Id.)

14 | B. Plaintiffs' Loans

15 As stated in their Notes, Plaintiffs' loans are Option ARMs based on the 12-Month  
16 Treasury Average ("12-MTA") index. (Dkt. No. 6-2, p. 3 & ¶ 4, Dkt. No. 6-3, p. 3 & ¶ 4.)<sup>1</sup> Like  
17 all adjustable-rate loans, the interest rate on these loans adjusts based on the index plus a margin.  
18 Unlike non-option ARM loans, however, Plaintiffs' Option ARMs offer additional flexibility in  
19 that the borrower is given the option of making reduced payments. To provide this flexibility, the  
20 initial interest rate is discounted for the first month and annual adjustments to the minimum  
21 payment are limited to a 7.5% increase (or "cap"). Periodically (every five years, or if the principal  
22 amount exceeds a certain threshold), the minimum payment is adjusted without regard to the cap to  
23 set a new payment that would fully amortize the loan over the payment period. This rate, in turn, is  
24 then subject to the 7.5% cap in following years. Although the initial discount and payment cap  
25 allow for lower payments, this flexibility also allows negative amortization to occur. Specifically,

<sup>1</sup> The 12-MTA Index is the 12-month average of the monthly yields on actively traded United States Treasury Securities adjusted to a constant maturity of one year as published by the Federal Reserve Board in the Federal Reserve Statistical Release entitled "Selected Interest Rates (H.15)." Historical monthly yields published by the Federal Reserve are available at [http://www.federalreserve.gov/releases/h15/data/Monthly/H15\\_TCMNOM\\_Y1.txt](http://www.federalreserve.gov/releases/h15/data/Monthly/H15_TCMNOM_Y1.txt) (last accessed July 18, 2008). (See Exhibit C to the accompanying Request for Judicial Notice.)

1 for months in which a borrower's minimum monthly payment is not sufficient to pay the monthly  
 2 accrued interest, the difference is added to the loan principal, subject to the maximum principal  
 3 amount.

4 **1. Jordan's Loan And Disclosure Statement**

5 As provided in her Note, Jordan's loan is in the original principal amount of \$389,592 and  
 6 has an initial discount rate of 1.250%. (Dkt. No. 6-2, ¶¶ 1, 2.) Per diem interest on the Note is set  
 7 at 4.397%. (Id. ¶ 2.) The initial monthly payment on the Note, reflecting the initial discount rate of  
 8 1.250%, is \$1,298.32. (Id. ¶ 3(B).) The interest rate on the Note changes monthly beginning on  
 9 June 1, 2005 based on the index plus a margin of 2.050% and is subject to a rate cap of 9.950%.  
 10 (Id. ¶¶ 4, 5.) Payment changes are made annually beginning on June 1, 2006 and are subject to an  
 11 annual increase of 7.5%. (Id. ¶ 4.) The monthly payment adjusts regardless of the payment cap on  
 12 the fifth anniversary of the first monthly payment and on the same day every fifth year thereafter.  
 13 (Id. ¶ 4(I).) Terms governing negative amortization are set forth in section 4(G) (entitled "Changes  
 14 in My Unpaid Principal Due to Negative Amortization or Accelerated Amortization"). The Note  
 15 provides for a maximum principal increase of 125% of the original principal balance (from  
 16 \$389,592 to \$486,990). (Id. p. 3 & ¶ 4(H).)

17 Reflecting the terms of the Note and the index at consummation, Jordan's Disclosure  
 18 Statement discloses a monthly payment of \$1,298.32 for the first year, \$1,395.69 for the second  
 19 year, \$1,500.37 for the third year, \$1,612.90 for the fourth year and \$1,733.87 for the fifth year,  
 20 with a monthly payment of \$2,109.58 for the remaining 25 years. (These reflect the 7.5% payment  
 21 cap during years two through five and the fully amortized payment beginning in year six, based on  
 22 the index at consummation and assuming no changes in the index.) (Dkt. No. 6-2, p. 2.)<sup>2</sup> The  
 23 Disclosure Statement also discloses an annual percentage rate ("APR") of 4.408%, which is a  
 24 composite APR that corresponds to the amount financed and payment schedule set forth in the  
 25 Disclosure Statement. (Id.)

28 <sup>2</sup> The calculations are based on an interest rate for one month at 1.250% and an indexed rate for  
 359 months at 4.397%, based on the 12-MTA index at consummation of 2.347% plus the margin of  
 2.050%. (RJN, Ex. C.)

## 2. Jones-Boyle's Loan And Disclosure Statement

Jones-Boyle's loan also is an Option ARM loan based on the 12-MTA index. (Dkt. No. 6-3, ¶ 4(B).) The loan is in the principal amount of \$1,000,000 and has an initial discount rate of 1.350%. (Id. ¶¶ 1, 2.) Per diem interest on the Note is set at 8.497%. (Id. ¶ 2.) The initial monthly payment on the Note, reflecting the initial discount rate of 1.350%, is \$3,379.69. (Id. ¶ 3(B).) The interest rate on the Note changes monthly beginning on August 1, 2007 based on the index plus a margin of 3.475% and is subject to a rate cap of 10.400%. (Id. ¶¶ 4, 5.) Payment changes are set to be made annually beginning on August 1, 2008 and are subject to an annual increase of 7.5%. (Id. ¶ 4.) The monthly payment adjusts regardless of the payment cap on the fifth anniversary of the first monthly payment and on the same day every fifth year thereafter. (Id. ¶ 4(I).) Terms governing negative amortization are set forth in section 4(G). The Note provides for a maximum principal increase of 115% of the original principal balance (from \$1,000,000 to \$1,150,000). (Id. p. 3 & ¶ 4(H).)

Reflecting the terms of the Note, Jones-Boyle's Disclosure Statement discloses a monthly payment of \$3,379.69 for the first year, \$3,633.16 for the second year, \$3,905.65 for the third year and \$4,198.57 for the first four months of the fourth year, followed by 319 monthly payment of \$9,086.04 and a final monthly payment of \$9,080.47. (These reflect the 7.5% payment cap during years two through four and a fully amortized adjustment in year four based on the 115% cap on principal, assuming no changes in the index at consummation.)<sup>3</sup> The Disclosure Statement also discloses an APR of 8.4676% corresponding to the amount financed and payment schedule set forth in the Disclosure Statement. (Id.)

## C Plaintiffs' Claims

Plaintiffs purport to assert various claims challenging WMB's disclosure of the terms of their loans. Specifically, Plaintiffs allege that WMB: (1) failed to disclose the interest rates upon which their payment schedules were based (Dkt. No. 6, ¶¶ 72, 74, 77, 110); (2) improperly disclosed initial monthly payments and payment schedules that were not based upon the interest

<sup>3</sup> The calculations are based on an interest rate for one month at 1.350% and an indexed rate for 359 months at 8.497%, based on the 12-MTA index at consummation of 5.022% plus the margin of 3.475%. (RJN, Ex. C.)

1 rates listed in Plaintiffs' Notes and Disclosures (*id.* ¶¶ 78, 80, 92); (3) failed to disclose the various  
 2 monthly payment options available to Plaintiffs, including the payment amounts that would have  
 3 been sufficient to pay both principal and interest (*id.* ¶¶ 81, 99-104, 110); (4) improperly disclosed  
 4 "partial" payments in Plaintiffs' Disclosure Statements rather than the "full" payments that  
 5 Plaintiffs were legally obligated to pay (*id.* ¶ 97); (5) failed to disclose the "effect" of the payment  
 6 cap on Plaintiffs' loans (*id.* ¶ 108); (6) failed to disclose that negative amortization would occur if  
 7 Plaintiffs followed the payment schedule provided by WMB (*id.* ¶¶ 86, 110, 112, 114); and (7)  
 8 improperly failed to apply Plaintiffs' minimum monthly payments to both interest and principal (*id.*  
 9 ¶¶ 150, 152).

10 Based on these allegations, Plaintiffs purport to assert claims for: (1) violation of TILA  
 11 (First Cause of Action); (2) fraudulent omission (Second Cause of Action); (3) violation of the  
 12 Unfair Competition Law, California Business and Professions Code section 17200, *et seq.* (the  
 13 "UCL") (Third Cause of Action); and (3) breach of contract and breach of the covenant of good  
 14 faith and fair dealing (Fourth Cause of Action). Plaintiffs purport to bring their claims on their own  
 15 behalf and on behalf of California and nationwide classes of "[a]ll individuals who received an  
 16 Option Arm loan through [WMB] on their primary residence" located in California or nationwide,  
 17 respectively. (Dkt. No. 6, ¶ 57.)

### 18 III. ARGUMENT

#### 19 A. Plaintiffs Fail To State A Claim Under TILA And Regulation Z.

20 Congress enacted TILA for the "purpose of promoting 'the informed use of credit' by  
 21 assuring 'meaningful disclosure of credit terms' to consumers." *Ford Motor Credit Co. v.*  
 22 *Milhollin*, 444 U.S. 555, 559, 100 S. Ct. 790, 63 L. Ed. 2d 22 (1980) (quoting 15 U.S.C. § 1601).  
 23 However, "[m]eaningful disclosure does not mean more disclosure." *Id.* at 568 (emphasis added).  
 24 "[T]he absence of an express disclosure requirement in the regulations is significant . . . evidence  
 25 that disclosure is not required." *Gambardella v. G. Fox & Co.*, 716 F.2d 104, 108-109 (2d Cir.  
 26 1983). Moreover, "[c]onsumers should not misuse TILA 'as an instrument of harassment and  
 27 oppression against the lending industry.'" *Greisz v. Household Bank*, 8 F. Supp. 2d 1031, 1048  
 28 (N.D. Ill. 1998) (citation omitted), as modified (Aug. 6, 1998), aff'd, 176 F.3d 1012 (7th Cir.

1 1999). As discussed below, Plaintiffs' claims reflect a fundamental misapplication of Regulation  
 2 Z's disclosure requirements under 12 C.F.R. §§ 226.17 and 226.19 and, accordingly, should be  
 3 dismissed.

4 **1. Plaintiffs Fail To State A Claim For Violation Of 12 C.F.R. § 226.17.**

5 In their First Cause of Action, Plaintiffs allege five purported violations of 12 C.F.R. §  
 6 226.17(c).<sup>4</sup> Specifically, Plaintiffs allege that WMB: (1) failed to disclose the interest rate upon  
 7 which their payment schedules were based (Dkt. No. 6, ¶¶ 72, 74, 77); (2) improperly disclosed  
 8 initial monthly payments and payment schedules that were not based upon the interest rates listed  
 9 in Plaintiffs' Notes and Disclosures (*id.* ¶¶ 78, 80, 92); (3) failed to disclose the various monthly  
 10 payment options, including the payment amounts that would have been sufficient to pay both  
 11 principal and interest (*id.* ¶¶ 81, 99-104); (4) improperly disclosed "partial" payments in the  
 12 Disclosure Statements rather than the "full" payments that Plaintiffs were supposedly obligated to  
 13 pay (*id.* ¶ 97); and (5) failed to disclose the "effect" of the payment caps on Plaintiffs' loans (*id.* ¶  
 14 108). These claims are without merit.

15 **2. The Disclosure Statements Correctly Disclose The Interest Rates And Payment  
 16 Schedules On Plaintiffs' Loans Pursuant To 12 C.F.R. § 226.18(g) And (e).**

17 Regulation Z sets forth specific disclosure requirements "[f]or each transaction" subject to  
 18 TILA. See 12 C.F.R. § 226.18. These disclosure requirements include, as relevant here, disclosure  
 19 of "[t]he 'annual percentage rate,' using that term, and a brief description such as 'the cost of your  
 20 credit as a yearly rate,'" and "[t]he number, amounts, and timing of payments scheduled to repay  
 21 the obligation." 12 C.F.R. § 226.18(g), (e).<sup>5</sup> Disclosure of the APR and payment schedule must be  
 22 made "clearly and conspicuously in writing, in a form that the consumer may keep," 12 C.F.R. §  
 23

24 <sup>4</sup> Section 226.17(c) specifies how to calculate amounts required to be disclosed under other  
 25 sections of Regulation Z but does not itself include any additional disclosure requirements. As  
 26 discussed below, the specific disclosures at issue on this motion arise under 12 C.F.R. § 226.18  
 (specifying disclosures in the disclosure statement) and 12 C.F.R. § 226.19(b) (specifying  
 disclosures in the variable-rate loan program disclosures).

27 <sup>5</sup> For variable-rate transactions with a term greater than one year, where the annual percentage rate  
 28 may increase after consummation and the transaction is secured by the consumer's principal  
 dwelling (as is the case here), the disclosure statement must also include the following disclosures:  
 "(i) The fact that the transaction contains a variable-rate feature"; and "(ii) A statement that  
 variable-rate disclosures have been provided earlier." 12 C.F.R. § 226.18(f)(2).

1 226.17(a), and must “reflect the terms of the legal obligation between the parties,” 12 C.F.R. §  
 2 226.17(c)(1).

3 Regulation Z includes specific directions as to how creditors must disclose the APR and the  
 4 projected payment schedule on Option ARMs. As relevant here, the payment schedule must be  
 5 based on the assumption that the index will remain at the level set at consummation, and the APR  
 6 must be disclosed as a fixed, composite rate. This, of course, allows for easier comparison between  
 7 adjustable and non-adjustable rate loans, since the interest rates and total cost of the loans are more  
 8 clearly presented than in the loan documents themselves. The Commentary to section 226.17(c)(1)  
 9 explains these requirements in detail:

10 8. *Basis of disclosures in variable-rate transactions.* The disclosures for a  
 11 variable-rate transaction must be given for the full term of the transaction and must  
 12 be based on the terms in effect at the time of consummation. . . . However, in a  
 13 variable-rate transaction with . . . discounted or premium rate, disclosures should not  
 14 be based solely on the initial terms. In those transactions, the disclosed annual  
percentage rate should be a composite rate based on the rate in effect during the  
initial period and the rate that is the basis of the variable-rate feature for the  
remainder of the term.

15 . . . .

16 10. *Discounted and premium variable-rate transactions.* In some variable-  
 17 rate transactions, creditors may set an initial interest rate that is not determined by  
 18 the index or formula used to make later interest rate adjustments. Typically, this  
 19 initial rate charged to consumers is lower than the rate would be if it were calculated  
 20 using the index or formula. . . .

21 i. When creditors use an initial interest rate that is not calculated  
 22 using the index or formula for later rate adjustments, the disclosures should reflect a  
composite annual percentage rate based on the initial rate for as long as it is charged  
and, for the remainder of the term, the rate that would have been applied using the  
index or formula at the time of consummation. . . .

23 ii. The effect of the multiple rates must also be reflected in the  
 24 calculation and disclosure of the finance charge, total of payments, and payment  
 25 schedule.

26 iii. If a loan contains a rate or payment cap that would prevent the  
initial rate or payment, at the time of the first adjustment, from changing to the rate  
determined by the index or formula at consummation, the effect of that rate or  
payment cap should be reflected in the disclosures.

27 Id., Comments 226.17(c)(1)-8, -10 (emphasis added). The Commentary further provides the  
 28 following example for a 30-year loan for \$100,000 with an index rate at consummation of 10%, a  
 2% margin, a 2% cap on annual interest-rate adjustments and a 7.5% cap on annual payment  
 29 adjustments:

1       The disclosures should reflect a composite annual percentage rate of 11.64 percent,  
 2       based on 9 percent for one year and 12 percent for 29 years. Because of the payment  
 3       cap, five levels of payments should be reflected. The payment schedule should  
 4       show 12 payments of \$804.62, 12 payments of \$864.97, 12 payments of \$929.84, 12  
 5       payments of \$999.58, and 312 payments of \$1,070.04. The finance charge should be  
 6       \$277,040.60, and the total of payments \$377,040.60.

7       *Id.*, Comment 226.17(c)(1)-10.v, example C.

8       In their First Cause of Action, Plaintiffs allege that WMB improperly disclosed the APR  
 9       and payment schedule in their Disclosure Statements because the disclosed APR supposedly “ha[s]  
 10      no relation” to the payment schedule. (*See, e.g.*, Dkt. No. 6, ¶ 80 (“The Truth in Lending  
 11      Disclosure Statement is deceptive in that it lists a schedule of payments that ha[s] no relation to,  
 12      and [is] not based on, the interest rate listed on the Truth in Lending Disclosure Statement.”); *see*  
 13      also *id.* ¶¶ 72-79, 81.) To the contrary, however, Plaintiffs’ Disclosure Statements correctly  
 14      disclose a composite APR reflecting the discounted initial rate for the first month and the higher  
 15      indexed rate for the remainder of the loan, based on the index in effect at consummation. The  
 16      Disclosure Statements also correctly disclose the initial monthly payment and payment schedule,  
 17      taking into account the payment cap and maximum principal increase on the payment schedule, in  
 18      accordance with the Commentary to section 226.17.<sup>6</sup> Indeed, in arguing to the contrary, Plaintiffs  
 19      simply ignore the disclosure requirements for Option ARMs in their entirety.

20       **3. Regulation Z Does Not Require Disclosure Of Payment Amounts Sufficient To  
 21          Pay Both Principal And Interest Each Month.**

22       Plaintiffs assert that WMB “failed to clearly, conspicuously and accurately disclose a  
 23       payment amount . . . sufficient to pay both principal and interest.” (Dkt. No 6, ¶ 81.) This claim  
 24       similarly lacks merit. Contrary to Plaintiffs’ unsupported contentions, Plaintiffs’ Disclosure  
 25       Statements accurately reflect the terms of Plaintiffs’ legal obligations under their Notes, which is to  
 26       make at least the minimum monthly payment. The payment schedules reflecting the required  
 27       payments are properly disclosed in Plaintiffs’ Disclosure Statements in accordance with 12 C.F.R.

28       

---

<sup>6</sup> Formulas for calculating composite APRs are set forth in Appendix J to 12 C.F.R. pt. 226. A  
 29       Windows-based calculation tool is also available on the Office of the Comptroller of the Currency  
 30       (“OCC”) website, at <http://www.occ.treas.gov/aprwin.htm>. The calculated APRs for Jordan’s and  
 31       Jones-Boyle’s loans are 4.4090% and 8.5116%, respectively. The accuracy tolerance for the  
 32       disclosed APR on adjustable-rate mortgage loans is 0.25%. *See* 12 C.F.R. § 226.22(a)(3). For the  
 33       convenience of the Court, amortization schedules reflecting the composite APR and payment  
 34       schedules for Plaintiffs’ loans are attached hereto as Exhibits A and B.

1 § 226.18(g). Indeed, not only does nothing in Regulation Z require the disclosure of a payment  
 2 amount sufficient to pay interest and principal in any given month, but providing this information  
 3 in the disclosure statement would violate the disclosure requirements for variable-rate loans as set  
 4 forth in Comments 17(c)(1)-8 and -10. Accordingly, Plaintiffs also fail to state a claim on this  
 5 basis.

6 **4. The Disclosure Statements Do Not List “Partial” Payments.**

7 As discussed above, Plaintiffs’ Disclosure Statements do not list “partial” payments.  
 8 Rather, Plaintiffs’ Disclosure Statements list the full amount of the payments required under the  
 9 terms of Plaintiffs’ Notes, in the manner mandated by Regulation Z. Again, Plaintiffs’ assertions to  
 10 the contrary are baseless.

11 **5. The Disclosure Statements Correctly Disclose The Effect Of The Payment Cap.**

12 Plaintiffs allege that WMB “failed to disclose . . . the effect of the payment cap in violation  
 13 of 12 C.F.R. § 226.17.” (Dkt. No. 6, ¶ 108.) As discussed above, for discounted variable-rate  
 14 loans, the Commentary to 12 C.F.R. § 226.17(c)(1) explains that “[i]f a loan contains a rate or  
 15 payment cap that would prevent the initial rate or payment, at the time of the first adjustment, from  
 16 changing to the rate determined by the index or formula at consummation, the effect of that rate or  
 17 payment cap should be reflected in the disclosures.” 12 C.F.R. pt. 226, Supp. I, Comment 17(c)(1)-  
 18 10.iii (emphasis added).

19 Contrary to Plaintiffs’ contentions, this Comment does not require a narrative explanation  
 20 of the potential consequences of a rate cap. Rather, the Comment explains that the payment  
 21 schedule (and other disclosures affected by the payment schedule, such as the total of payments,  
 22 amount financed, finance charge and APR) must simply reflect the effect of the payment cap.  
 23 Here, as discussed above, Plaintiffs’ Disclosure Statements reflect the effect of the payment cap in  
 24 the disclosure of the payment schedule required by 12 C.F.R. § 226.18(g) because the 7.5% limit  
 25 on increases to the monthly payment is taken into account in determining the amount of the  
 26 payments. See Comment 226.17(c)(1)-10.v, example C. Accordingly, Plaintiffs fail to state a  
 27 claim on this basis.

28

1      **B. Plaintiffs Fail To State A Claim For Violation Of 12 C.F.R. § 226.19.**

2      Plaintiffs allege two purported violations of 12 C.F.R. § 226.19. Specifically, Plaintiffs  
 3      allege that WMB: (1) “failed to clearly and conspicuously disclose the interest rate upon which the  
 4      payments listed in the Truth in Lending Disclosure Statement are based” (Dkt. No. 6, ¶ 72); and (2)  
 5      “failed to include any reference in the Truth in Lending Disclosure Statement or in the Note that  
 6      negative amortization would occur if Plaintiffs . . . followed the payment schedule provided by  
 7      [WMB]” (id. ¶ 86). These claims also are fundamentally misplaced.

8      As discussed above, disclosure requirements for specific loan terms are set forth in 12  
 9      C.F.R. § 226.18. However, Regulation Z also requires additional disclosures for variable-rate  
 10     loans, which must generally be provided before the section 226.18 disclosures. See 12 C.F.R. §  
 11     226.19(b) (stating that disclosures must be provided “at the time an application form is provided or  
 12     before the consumer pays a nonrefundable fee.”) Among other things, creditors must provide loan  
 13     applicants with a copy of the Federal Reserve Board’s Consumer Handbook on Adjustable-Rate  
 14     Mortgages (or a suitable substitute), see 12 C.F.R. § 226.19(b)(1), as well as “loan program”  
 15     disclosures describing the general terms of the creditor’s various adjustable-rate programs, see 12  
 16     C.F.R. § 226.19(b)(2) (stating that creditors must provide a “loan program disclosure for each  
 17     variable-rate program in which the consumer expresses an interest”). A creditor may either provide  
 18     separate disclosures for each loan program or combine the disclosures into a single form. Id.,  
 19     Comment 19(b)(2)-3.

20     Unlike the section 226.18 disclosures discussed above, the “loan program” disclosures need  
 21     not disclose particular loan terms or reflect the effect of specific terms that may apply in any given  
 22     case. Indeed, the Commentary expressly recognizes that “[b]ecause the disclosures can be prepared  
 23     in advance, the interest rate and margin may be several months old when the disclosures are  
 24     delivered.” 12 C.F.R. pt. 226, Supp. I, Comment 19(b)(2)(iv)-1 (emphasis added). Programs that  
 25     differ as to “the amount of a discount” or “the amount of a margin” also do not constitute separate  
 26     programs and need not be separately disclosed. Id., Comment 19(b)(2)-2.i.I. Further, payment  
 27     caps and limitations on interest rate increases may be expressed as ranges rather than precise  
 28     figures. Id., Comment 19(b)(2)(vii)-1.

1 Plaintiffs' assertion that WMB violated section 226.19 because WMB failed to disclose the  
 2 interest rate upon which the payment schedules in the Disclosure Statements were based, or  
 3 because Plaintiffs' Disclosure Statements and Notes somehow failed adequately to disclose the fact  
 4 that Plaintiffs' loans were subject to negative amortization, is fundamentally misguided. Contrary  
 5 to Plaintiffs' contentions, section 226.19 has nothing to do with Regulation Z's disclosure-  
 6 statement requirements, which are separately set forth in 12 C.F.R. § 226.18. Similarly, section  
 7 226.19 does not regulate the manner in which credit terms appear in the loan contract. Rather,  
 8 section 226.19 sets forth the requirements for entirely separate "loan program" disclosures. By  
 9 their nature, these are general disclosures that apply to a creditor's loan programs as a whole, not  
 10 the specific terms of any particular loan. As to specific loans, the Commentary to 12 C.F.R. §  
 11 226.17 explains that the disclosure statement should reflect the cost of negative amortization by  
 12 including the negative amortization in the disclosed finance charge rather than the amount financed,  
 13 which is precisely what WMB did here. See 12 C.F.R. pt. 226, Supp. I, Comment 17(c)(1)-12.  
 14 Accordingly, Plaintiffs' allegations fail to state a claim under section 226.19 and must be  
 15 dismissed.

16 **C. Plaintiffs' State-Law Claims Are Barred By Federal Preemption.**

17 **1. The OTS Has Occupied The Entire Field With Respect To Federal Savings  
 18 Associations' Lending Activities.**

19 "Preemption by implication, or 'field preemption,' occurs when federal regulation in a  
 20 particular area is 'so pervasive as to make reasonable the inference that Congress left no room for  
 21 the States to supplement it.'" American Bankers Ass'n v. Lockyer, 239 F. Supp. 2d 1000, 1007-08  
 22 (E.D. Cal. 2002) (citing Rice v. Santa Fe Elevator Corp., 331 U.S. 218, 230, 67 S. Ct. 1146, 91 L.  
 23 Ed. 1447 (1947)). In such a case, the absence of a specific regulation on a particular issue does not  
 24 indicate that the issue lies outside the field of federal preemption. Washington Mutual Bank, FA v.  
 25 Super. Ct. (Guilford), 95 Cal. App. 4th 606, 620, 115 Cal. Rptr. 2d 765 (2002), as modified (Feb.  
 26 15, 2002). Rather, "[w]here . . . the agency administering the federal act has expressed its intention  
 27 to occupy the entire field of lending regulations for federal savings associations there is no need to  
 28 find a specific regulation on point." Id. (citation omitted). Furthermore, "because there is a  
 29 "history of significant federal presence" in national banking, the presumption against preemption

1 of state law is inapplicable.” American Bankers, 239 F. Supp. 2d at 1008 (quoting Bank of  
 2 America v. City and County of San Francisco, 309 F.3d 551, 560 (9th Cir. 2002) (citing United  
 3 States v. Locke, 529 U.S. 89, 108, 120 S. Ct. 1135, 146 L. Ed. 2d 69 (2000)), as amended on denial  
 4 of reh’g and reh’g en banc (Dec. 20, 2002), cert. denied, 538 U.S. 1069, 123 S. Ct. 2220, 155 L.  
 5 Ed. 2d 1127 (May 27, 2003)); accord Watters v. Wachovia Bank, N.A., 127 S. Ct. 1559, 1567  
 6 (2007) (“We have ‘interpret[ed] grants of both enumerated and incidental “powers” to national  
 7 banks as grants of authority not normally limited by, but rather ordinarily pre-empting, contrary  
 8 state law.’” (quoting Barnett Bank of Marion Cty., N.A. v. Nelson, 517 U.S. 25, 32, 116 S. Ct.  
 9 1103, 134 L. Ed. 2d 237 (1996)).

10 Under HOLA, the OTS has the exclusive authority to regulate the lending operations of  
 11 federal savings associations. 12 U.S.C. §§ 1463(a), 1464(a); see Fidelity Fed. Sav. & Loan Ass’n  
 12 v. De la Cuesta, 458 U.S. 141, 153, 102 S. Ct. 3014, 73 L. Ed. 2d 664 (1982); Conference of Fed.  
 13 Sav. & Loan Assn’s v. Stein, 604 F.2d 1256, 1257-58 (9th Cir. 1979), aff’d, 445 U.S. 921, 100 S.  
 14 Ct. 1304, 63 L. Ed. 2d 754 (1980). Pursuant to this authority, the OTS has expressly occupied the  
 15 entire field of lending regulation with respect to federal savings associations:

16 Occupation of field. . . . To enhance safety and soundness and to enable federal  
 17 savings associations to conduct their operations in accordance with best practices  
 18 (by efficiently delivering low-cost credit to the public free from undue regulatory  
 19 duplication and burden), OTS hereby occupies the entire field of lending regulation  
 20 for federal savings associations. OTS intends to give federal savings associations  
 21 maximum flexibility to exercise their lending powers in accordance with a uniform  
 22 federal scheme of regulation. Accordingly, federal savings associations may extend  
 23 credit as authorized under federal law, including this part, without regard to state  
 24 laws purporting to regulate or otherwise affect their credit activities . . . . For  
 25 purposes of this section, “state law” includes any state statute, regulation, ruling,  
 26 order or judicial decision.

27 12 C.F.R. § 560.2(a) (emphasis added). Section 560.2(b) further identifies specific types of state  
 28 laws that are preempted, two of which are applicable to this case:

29 [T]he types of state laws preempted by paragraph (a) of this section, include,  
 30 without limitation, state laws purporting to impose requirements regarding: . . .

- 31 (4) The terms of credit, including amortization of loans and the deferral and  
 32 capitalization of interest and adjustments to the interest rate . . . ;
- 33 (9) Disclosure and advertising, including laws requiring specific statements,  
 34 information, or other content to be included in credit application forms, credit  
 35 solicitations, billing statements, credit contracts, or other credit-related  
 36 documents[.]

1 12 C.F.R. § 560.2(b)(4), (9) (emphasis added).

2 Exceptions to preemption are narrow. Indeed, the only laws that are not preempted are laws  
 3 of the following types “to the extent that they only incidentally affect the lending operations of  
 4 Federal savings associations or are otherwise consistent with the purposes of paragraph (a) of this  
 5 section”: (1) contract and commercial laws; (2) real property laws; (3) certain homestead laws; (4)  
 6 tort laws; (5) criminal laws; and (6) “any other law that OTS, upon review, finds: (i) [f]urthers a  
 7 vital state interest; and (ii) [e]ither has only an incidental effect on lending operations or is not  
 8 otherwise contrary to the purposes expressed in paragraph (a) of this section.” 12 C.F.R. §  
 9 560.2(c). The OTS has emphasized that the exceptions set forth in 12 C.F.R. § 560.2(c) are to be  
 10 “interpreted narrowly” and that “[a]ny doubt should be resolved in favor of preemption.” OTS,  
 11 Final Rule, 61 Fed. Reg. 50,951, \*50,966 (Sept. 30, 1996) (“This presumption [of preemption] can  
 12 be reversed only if the law can clearly be shown to fit within the confines of [the exceptions set  
 13 forth in section 560.2(c)]”).

14 **2. HOLA’s Express Field Preemption Bars Plaintiffs’ State-Law Claims.**

15 The Ninth Circuit’s recent opinion in Silvas v. E\*Trade Mortgage Corp., 514 F.3d 1001  
 16 (9th Cir. 2008), is dispositive of Plaintiffs’ state-law claims here. In Silvas, plaintiffs contended  
 17 that defendant E\*Trade failed to refund a mortgage lock-in fee as allegedly required by TILA and  
 18 that E\*Trade had misrepresented to its customers that the fee was non-refundable. Id. at 1003.  
 19 Plaintiffs asserted claims for violation of the UCL and for false advertising under California  
 20 Business & Professions Code section 17500. Id. The district court granted E\*Trade’s motion to  
 21 dismiss on the grounds that federal law preempted plaintiffs’ state-law claims. Id.

22 The Ninth Circuit affirmed, setting forth the following approach to determine whether state-  
 23 law claims are barred by preemption under section 560.2:

24 When analyzing the status of state laws under § 560.2, the first step will be to  
 25 determine whether the type of law in question is listed in paragraph (b). If so, the  
 26 analysis will end there; the law is preempted. If the law is not covered by paragraph  
 27 (b), the next question is whether the law affects lending. If it does, then, in  
 28 accordance with paragraph (a), the presumption arises that the law is preempted.  
 This presumption can be reversed only if the law can clearly be shown to fit within  
 the confines of paragraph (c). For these purposes, paragraph (c) is intended to be  
 interpreted narrowly. Any doubt should be resolved in favor of preemption.

Id. at 1005 (quoting 61 Fed. Reg. 50951, \*50966-67).

1       The Ninth Circuit held that “[t]he general presumption against preemption is not applicable  
 2 here, and the relevant regulation is clear -- the field of lending regulation of federal savings  
 3 associations [such as E\*Trade] is preempted.” Id. at 1004-05. The court examined each of  
 4 plaintiffs’ claims:

5       Here, [plaintiffs] allege that E\*Trade violated UCL § 17500 by including false  
 6 information on its website and in every media advertisement to the California  
 7 public. Because this claim is entirely based on E\*Trade’s disclosures and  
advertising, it falls within the specific type of law listed in § 560.2(b)(9). Therefore,  
 8 the preemption analysis ends. UCL § 17500 as applied in this case is preempted by  
 9 federal law.

10       ....

11       [Plaintiffs] allege E\*Trade’s practice of misrepresenting consumers’ legal rights in  
 12 advertisements and other documents is contrary to the policy of California [law] and  
 13 thus violates [the] UCL . . . . This claim . . . fits within § 560.2(b)(9) because the  
 14 alleged misrepresentation is contained in advertising and disclosure documents.

15       . . . [Plaintiffs’] claim under UCL § 17200 alleges that the lock-in fee itself is  
 16 unlawful. . . . Section 560.2(b)(5) specifically preempts state laws purporting to  
 17 impose requirements on loan related fees. Because the UCL § 17200 claim, as  
 18 applied, is a type of state law listed in paragraph (b) -- in two separate sections -- the  
 19 preemption analysis ends there. [Plaintiffs’] claim under UCL § 17200 is  
 20 preempted.

21       Id. at 1006 (emphasis added); accord Rose v. Chase Manhattan Bank U.S.A., N.A., 396 F. Supp. 2d  
 22 1116, 1122-23 (C.D. Cal. 2005), aff’d, 513 F.3d 1032 (9th Cir. 2008) (holding that state law claims  
 23 challenging the disclosure of information in credit card solicitations was expressly preempted by  
 24 the National Bank Act and regulations promulgated thereunder).

25       The California Court of Appeal’s decision in Weiss v. Washington Mutual Bank, 147 Cal.  
 26 App. 4th 72, 77, 53 Cal. Rptr. 3d 782 (2007), similarly confirms that Plaintiffs’ claims are  
 27 preempted. In Weiss, plaintiffs alleged that defendant failed to disclose, among other things, that  
 28 the prepayment penalty on plaintiffs’ loans could yield a “penalty” rate as high as ten percent of the  
 1 unpaid balance. Weiss, 147 Cal. App. 4th at 75. Plaintiffs asserted state-law claims for fraud,  
 2 unlawful restraint on alienation of real property, unfair and deceptive business practices and unjust  
 3 enrichment. Id. The trial court granted defendant’s motion for judgment on the pleadings, finding  
 4 that plaintiffs’ state-law claims were barred by federal preemption under HOLA and 12 C.F.R. §  
 5 560.2. Id.

1 On appeal, plaintiffs contended that their tort claims were not barred by preemption because  
 2 those claims did not directly affect defendant's lending operations. Id. at 76-77. The Court of  
 3 Appeal squarely rejected this argument:

4 Although 12 C.F.R. § 560.2(c) exempts state tort laws that only incidentally affect  
 5 the lending operations of federally regulated institutions, the "incidentally affect"  
 6 analysis is triggered only when dealing with an activity that is not listed in 12 C.F.R.  
 7 § 560.2(b). According to the OTS, "[w]hen analyzing the status of state laws under  
 8 § 560.2, the first step will be to determine whether the type of law in question is  
 9 listed [among the illustrative examples of preempted state laws] in paragraph (b) [of  
 10 12 C.F.R. § 560.2]. If so, the analysis will end there; the law is preempted. . . . Any  
 11 doubt should be resolved in favor of preemption." (61 Fed. Reg. 50951, 61 Fed.  
 12 Reg. 50966 50967 (Sept. 30, 1996).) It is only if the law is not covered by  
 13 paragraph (b) that the inquiry continues to determine whether the particular state law  
 14 affects lending. (Ibid.) As noted above and in footnote 2, ante, prepayment penalty  
 15 provisions are listed among the illustrations in 12 C.F.R. § 560.2(b). For this  
 16 reason, our inquiry ends here . . . .

17 Id. at 77. Because plaintiffs' state-law tort claims sought to impose requirements concerning  
 18 prepayment penalties, which are expressly listed under section 560.2(b), the Court of Appeal held  
 19 that plaintiffs' claims were barred in their entirety by federal preemption. Id. at 76-77.

20 Rosenberg v. Washington Mutual Bank, FA, 849 A.2d 566, 369 N.J. Super. 456 (N.J. Sup.  
 21 Ct. App. Div. 2004), also is instructive. In Rosenberg, plaintiffs obtained a 30-year, \$225,000  
 22 adjustable-rate mortgage loan from WMB to purchase a vacation home. Id. at 567. Plaintiffs  
 23 subsequently filed suit against WMB for consumer fraud, alleging that the billing statements sent to  
 24 them by WMB were deceptive because paying the "total amount due" listed on the statements  
 25 resulted in negative amortization. Id. at 567-68, 572-73. Finding that the focus of plaintiffs'  
 26 claims was on WMB's billing disclosures, or alleged lack thereof, the trial court granted  
 27 defendants' motion to dismiss, and the appellate court affirmed. Id. at 568. As the appellate court  
 28 explained in affirming the dismissal on preemption grounds:

29 Congress specifically authorized OTS to preempt state laws affecting the operations  
 30 of federal savings associations. 12 U.S.C. §§ 1463(a), 1464(a). OTS has done so. . . .

31 While 12 C.F.R. § 560.2(c) refers to state laws, including contract and tort laws, that  
 32 are not preempted if "they only incidentally affect" the federally regulated  
 33 institutions, OTS has made it clear that the "incidentally affect" analysis becomes  
 34 critical only if the types of preempted areas set forth in 12 C.F.R. § 560.2(b) are not  
 35 involved. . . .

36 Here, plaintiffs' state law claims clearly fall within 12 C.F.R. § 560.2(b)(9) as they  
 37 assert that WMBFA's billing statements fail to convey, *i.e.*, disclose, to the debtor  
 38 that the "total amount due" figure is something other than what one normally would  
 39 think of as a "total amount due." By way of either injunctive relief or monetary

damages, plaintiffs seek to insert a form of state regulation by compelling a different type of billing statement disclosure.

Id. at 571-72 (emphasis added).<sup>7</sup>

Through their state-law claims, Plaintiffs purport to challenge WMB’s disclosure of the payment options on adjustable-rate mortgage loans and application of payments to principal and interest. These claims fail as a matter of law because the OTS has the exclusive authority to issue rules and regulations with respect to federal savings associations’ lending activities. As the foregoing authorities attest, Plaintiffs’ claims are expressly barred by federal preemption under 12 C.F.R. § 560.2(a) and (b)(4), (9). Accordingly, Plaintiffs do not and cannot state a claim against WMB under state law, and the Second through Fourth Causes of Action should be dismissed with prejudice.<sup>8</sup>

**D. Plaintiffs' State-Law Claims Fail In Any Event.**

To avoid dismissal on a Rule 12(b)(6) motion, the complaint must plead “enough facts to state a claim to relief that is plausible on its face.” Bell Atlantic Corp. v. Twombly, 127 S. Ct. 1955, 1974 (2007). The court must “accept[] all facts alleged in the complaint as true and constru[e] them in the light most favorable to the plaintiff.” Cholla Ready Mix, Inc. v. Civish, 382 F.3d 969, 973 (9th Cir. 2004) (citing Karam v. City of Burbank, 352 F.3d 1188, 1192 (9th Cir. 2003)), cert. denied, 544 U.S. 974, 125 S. Ct. 1828, 161 L. Ed. 2d 724 (Apr. 18, 2005). “However, the court is not required to accept legal conclusions cast in the form of factual allegations if those conclusions cannot reasonably be drawn from the facts alleged.” Id. (quoting Clegg v. Cult

<sup>7</sup> See also Moskowitz v. Washington Mutual Bank, FA, 329 Ill. App. 3d 144, 149-50, 768 N.E.2d 262 (Ill. App. Ct. 2002) (holding that claims for breach of contract and violation of the Illinois Consumer Fraud Act were barred by federal preemption under section 560.2); Haehl v. Washington Mutual Bank, F.A., 277 F. Supp. 2d 933, 942-43 (S.D. Ind. 2003) (holding that claims for violation of the Indiana Consumer Credit Code, fraud, breach of fiduciary duty, concealment, nondisclosure, breach of the duty of good faith and fair dealing, unjust enrichment and conversion were barred by preemption under section 560.2); Lopez v. World Savings & Loan Ass'n, 105 Cal. App. 4th 729, 742, 130 Cal. Rptr. 2d 42 (2003), review denied (May 14, 2003) (holding that California statute restricting fees charged for payoff demand statements was preempted under section 560.2, as was the UCL, to the extent a UCL claim challenged the same conduct); Washington Mutual Bank, 95 Cal. App. 4th at 620 (finding that claims under California statute restricting the charging of pre-closing interest on home loans, as well as related claims under the UCL and CLRA, were barred by section 560.2).

<sup>8</sup> Regulating WMB's disclosures of its loan terms under state law would also have more than an "incidental effect" and be contrary to the purposes expressed in section 560.2(a). Plaintiffs' claims would thus also be barred on this alternative ground. See Silvas, 514 F.3d at 1006-07 n.3; Moskowitz, 329 Ill. App. 3d at 149-50; Haehl, 277 F. Supp. 2d at 942-43.

1 Awareness Network, 18 F.3d 752, 754-55 (9th Cir. 1994)). “Nor is the court required to accept as  
 2 true allegations that are merely conclusory, unwarranted deductions of fact, or unreasonable  
 3 inferences.” Id. (quoting Sprewell v. Golden State Warriors, 266 F.3d 979, 988 (9th Cir. 2001)).

4 In addition to being barred by federal preemption, Plaintiffs’ state-law claims are entirely  
 5 without merit in any event. Plaintiffs’ Notes expressly disclose the loan terms, including the  
 6 manner in which Plaintiffs’ interest rates and payments adjust and the circumstances under which  
 7 negative amortization will occur. As the appellate court in Rosenberg observed in rejecting similar  
 8 claims: “Even were we to conclude that preemption does not exist, plaintiffs’ state law claims are  
 9 facially meritless. . . . The mortgage documents which plaintiffs signed clearly explain how  
 10 [negative amortization] can occur. . . . All of these terms are plainly apparent in the mortgage  
 11 documents. The language of the documents is complex, but not indecipherably so, and they are not  
 12 voluminous, totaling fourteen pages.” Rosenberg, 849 A.2d at 573.

13 The same holds true here. In their Second Cause of Action for fraudulent omission,  
 14 Plaintiffs essentially allege that WMB failed to disclose that negative amortization would occur  
 15 based on the payment schedule listed in their Disclosure Statements, and that this alleged failure is  
 16 actionable because negative amortization on Plaintiffs’ loans was not “reasonably discoverable.”  
 17 (Dkt. No. 6, ¶¶ 112, 117; see also id. ¶¶ 114-115.)<sup>9</sup> Even if this claim were not preempted -- which  
 18 it is, since Plaintiffs are simply challenging the manner in which their loan terms were disclosed --  
 19 it is facially without merit. The terms governing negative amortization, including the  
 20 circumstances under which it will occur, are expressly set forth in section 4(G) of Plaintiffs’ Notes.  
 21 Section 4 also expressly states the margins on Plaintiffs’ loans and identifies the publicly available  
 22 index upon which adjustments are based. Contrary to the unsupported allegations of the  
 23 Complaint, Plaintiffs’ fraud claim is baseless, and there likewise is nothing “unlawful, unfair or  
 24 fraudulent” about WMB’s disclosure of Plaintiffs’ loan terms under the UCL. See Plotkin v.  
 25

26 <sup>9</sup> Under California law, nondisclosure or concealment is actionable only: “(1) when the defendant  
 27 is in a fiduciary relationship with the plaintiff; (2) when the defendant had exclusive knowledge of  
 28 material facts not known to the plaintiff; (3) when the defendant actively conceals a material fact  
 from the plaintiff; and (4) when the defendant makes partial representations but also suppresses  
 some material facts.” Heliotis v. Schuman, 181 Cal. App. 3d 646, 651, 226 Cal. Rptr. 509 (1986)  
 (citing 4 Bernard E. Witkin, Summary of California Law, §§ 459-64 (8th ed. 1974)); see also  
Goodman v. Kennedy, 18 Cal. 3d 335, 346-48, 556 P.2d 737, 134 Cal. Rptr. 375 (1976).

1 Sajahtera, Inc., 106 Cal. App. 4th 953, 964-966, 131 Cal. Rptr. 3d 303 (2003) (upholding trial  
 2 court's ruling, as a matter of law, that notice on parking ticket was not likely to deceive members of  
 3 the public); Shvarts v. Budget Group, Inc., 81 Cal. App. 4th 1153, 1160, 97 Cal. Rptr. 2d 722  
 4 (2000) (sustaining demurrer, holding that rental car agreements were not deceptive as a matter of  
 5 law).

6 Plaintiffs' claims for breach of contract and breach of the covenant of good faith and fair  
 7 dealing are similarly lacking. According to Plaintiffs, WMB breached the terms of their Notes  
 8 because the Notes supposedly provide: (1) that "Plaintiffs' monthly payment . . . would be  
 9 sufficient to pay both principal and interest" (Dkt. No. 6, ¶ 150-152); and (2) that Plaintiffs' loans  
 10 "would have a low payment and interest rate for up to the first 3 to 5 years of the loan." (Dkt. No.  
 11 6, ¶ 157.) As to the first, Plaintiffs' claims are directly refuted by the terms of their Notes. Section  
 12 4(G) expressly states: "Since my payment amount changes less frequently than the Interest rate and  
 13 since the monthly payment is subject to the payment limitations described in Section 4(F), my  
 14 monthly payment could be less or greater than the amount of the interest portion of the monthly  
 15 payment . . ." (emphasis added). As to the second, Plaintiffs' loans have precisely the interest rates  
 16 and payment amounts called for by the terms of their Notes. Indeed, Plaintiffs admit that "the Note  
 17 states the interest rate and the payment amounts required for Plaintiffs to pay off the loan." (Dkt.  
 18 No. 6, ¶ 145.) To the extent that Plaintiffs allege the payment amount should have reflected the  
 19 current interest rate, Plaintiffs' claims are again directly refuted by sections 4(A) (providing for  
 20 monthly interest-rate changes) and 4(E) (providing for annual payment changes) as well as section  
 21 4(G). Plaintiffs' claim for breach of the implied covenant of good faith and fair dealing similarly  
 22 fails because, as a matter of well-settled law, the covenant of good faith and fair dealing cannot be  
 23 used to vary or contradict an express contractual term. See California Grocers Ass'n v. Bank of  
 24 Am., 22 Cal. App. 4th 205, 217, 27 Cal. Rptr. 2d 396 (1994) (citing Carma Developers, Inc. v.  
 25 Marathon Dev. California, Inc., 2 Cal. 4th 342, 374, 6 Cal. Rptr. 2d 467 (1992)).<sup>10</sup> Here, WMB has  
 26 charged Plaintiffs no more than the express terms of their Notes allow.

27  
 28 <sup>10</sup> Plaintiff also assert, in passing, that their loan terms are "unconscionable." (Dkt. No. 6, ¶ 155.) Under California law, unconscionability is a defense to enforcement but does not afford an affirmative cause of action. See Cal. Grocers, 22 Cal. App. 4th at 217.

## IV. CONCLUSION

For the foregoing reasons, WMB respectfully requests that the Court grant the Motion in its entirety and without leave to amend.

Dated: July 18, 2008

STROOCK & STROOCK & LAVAN LLP  
JULIA B. STRICKLAND  
LISA M. SIMONETTI  
DEBORAH E. BARACK

By: \_\_\_\_\_ /s/ Deborah E. Barack  
Deborah E. Barack

Atorneys for Defendant  
WASHINGTON MUTUAL BANK, formerly  
known as WASHINGTON MUTUAL  
BANK, FA

**S**TROOCK & STROOCK & LAVAN LLP  
2029 Century Park East  
Los Angeles, California 90067-3086



Exhibit A

The following reflects a composite APR of 4.409%, an amount financed of \$387,986.07 and the payment schedule set forth in Jordan's Disclosure Statement. (All dollar amounts have been rounded to the nearest \$.01.)

Total of Payments:	\$723,367.80
Amount Financed:	<u>-\$387,986.07</u>
Finance Charge:	\$335,381.73

Payment Date	Unpaid Principal	APR	Accrued Interest	Payment
6/1/2005	\$387,986.07	4.409%	\$1,425.53	\$1,298.32
7/1/2005	\$388,113.28	4.409%	\$1,425.99	\$1,298.32
8/1/2005	\$388,240.95	4.409%	\$1,426.46	\$1,298.32
9/1/2005	\$388,369.09	4.409%	\$1,426.93	\$1,298.32
10/1/2005	\$388,497.70	4.409%	\$1,427.41	\$1,298.32
11/1/2005	\$388,626.79	4.409%	\$1,427.88	\$1,298.32
12/1/2005	\$388,756.35	4.409%	\$1,428.36	\$1,298.32
1/1/2006	\$388,886.39	4.409%	\$1,428.83	\$1,298.32
2/1/2006	\$389,016.90	4.409%	\$1,429.31	\$1,298.32
3/1/2006	\$389,147.89	4.409%	\$1,429.79	\$1,298.32
4/1/2006	\$389,279.36	4.409%	\$1,430.28	\$1,298.32
5/1/2006	\$389,411.32	4.409%	\$1,430.76	\$1,298.32
6/1/2006	\$389,543.76	4.409%	\$1,431.25	\$1,395.69
7/1/2006	\$389,579.32	4.409%	\$1,431.38	\$1,395.69
8/1/2006	\$389,615.01	4.409%	\$1,431.51	\$1,395.69
9/1/2006	\$389,650.83	4.409%	\$1,431.64	\$1,395.69
10/1/2006	\$389,686.78	4.409%	\$1,431.77	\$1,395.69
11/1/2006	\$389,722.86	4.409%	\$1,431.91	\$1,395.69
12/1/2006	\$389,759.08	4.409%	\$1,432.04	\$1,395.69
1/1/2007	\$389,795.43	4.409%	\$1,432.17	\$1,395.69
2/1/2007	\$389,831.91	4.409%	\$1,432.31	\$1,395.69
3/1/2007	\$389,868.53	4.409%	\$1,432.44	\$1,395.69
4/1/2007	\$389,905.28	4.409%	\$1,432.58	\$1,395.69
5/1/2007	\$389,942.17	4.409%	\$1,432.71	\$1,395.69
6/1/2007	\$389,979.19	4.409%	\$1,432.85	\$1,500.37
7/1/2007	\$389,911.67	4.409%	\$1,432.60	\$1,500.37
8/1/2007	\$389,843.90	4.409%	\$1,432.35	\$1,500.37
9/1/2007	\$389,775.88	4.409%	\$1,432.10	\$1,500.37
10/1/2007	\$389,707.61	4.409%	\$1,431.85	\$1,500.37
11/1/2007	\$389,639.09	4.409%	\$1,431.60	\$1,500.37
12/1/2007	\$389,570.32	4.409%	\$1,431.35	\$1,500.37
1/1/2008	\$389,501.30	4.409%	\$1,431.09	\$1,500.37
2/1/2008	\$389,432.02	4.409%	\$1,430.84	\$1,500.37

3/1/2008	\$389,362.49	4.409%	\$1,430.58	\$1,500.37
4/1/2008	\$389,292.70	4.409%	\$1,430.33	\$1,500.37
5/1/2008	\$389,222.66	4.409%	\$1,430.07	\$1,500.37
6/1/2008	\$389,152.36	4.409%	\$1,429.81	\$1,612.90
7/1/2008	\$388,969.27	4.409%	\$1,429.14	\$1,612.90
8/1/2008	\$388,785.51	4.409%	\$1,428.46	\$1,612.90
9/1/2008	\$388,601.07	4.409%	\$1,427.79	\$1,612.90
10/1/2008	\$388,415.96	4.409%	\$1,427.10	\$1,612.90
11/1/2008	\$388,230.16	4.409%	\$1,426.42	\$1,612.90
12/1/2008	\$388,043.68	4.409%	\$1,425.74	\$1,612.90
1/1/2009	\$387,856.52	4.409%	\$1,425.05	\$1,612.90
2/1/2009	\$387,668.67	4.409%	\$1,424.36	\$1,612.90
3/1/2009	\$387,480.13	4.409%	\$1,423.67	\$1,612.90
4/1/2009	\$387,290.90	4.409%	\$1,422.97	\$1,612.90
5/1/2009	\$387,100.97	4.409%	\$1,422.27	\$1,612.90
6/1/2009	\$386,910.34	4.409%	\$1,421.57	\$1,733.87
7/1/2009	\$386,598.04	4.409%	\$1,420.43	\$1,733.87
8/1/2009	\$386,284.60	4.409%	\$1,419.27	\$1,733.87
9/1/2009	\$385,970.00	4.409%	\$1,418.12	\$1,733.87
10/1/2009	\$385,654.25	4.409%	\$1,416.96	\$1,733.87
11/1/2009	\$385,337.34	4.409%	\$1,415.79	\$1,733.87
12/1/2009	\$385,019.26	4.409%	\$1,414.62	\$1,733.87
1/1/2010	\$384,700.01	4.409%	\$1,413.45	\$1,733.87
2/1/2010	\$384,379.59	4.409%	\$1,412.27	\$1,733.87
3/1/2010	\$384,057.99	4.409%	\$1,411.09	\$1,733.87
4/1/2010	\$383,735.21	4.409%	\$1,409.91	\$1,733.87
5/1/2010	\$383,411.25	4.409%	\$1,408.72	\$1,733.87
6/1/2010	\$383,086.10	4.409%	\$1,407.52	\$2,109.58
7/1/2010	\$382,384.04	4.409%	\$1,404.94	\$2,109.58
8/1/2010	\$381,679.40	4.409%	\$1,402.35	\$2,109.58
9/1/2010	\$380,972.17	4.409%	\$1,399.76	\$2,109.58
10/1/2010	\$380,262.35	4.409%	\$1,397.15	\$2,109.58
11/1/2010	\$379,549.92	4.409%	\$1,394.53	\$2,109.58
12/1/2010	\$378,834.87	4.409%	\$1,391.90	\$2,109.58
1/1/2011	\$378,117.19	4.409%	\$1,389.27	\$2,109.58
2/1/2011	\$377,396.88	4.409%	\$1,386.62	\$2,109.58
3/1/2011	\$376,673.92	4.409%	\$1,383.96	\$2,109.58
4/1/2011	\$375,948.30	4.409%	\$1,381.30	\$2,109.58
5/1/2011	\$375,220.02	4.409%	\$1,378.62	\$2,109.58
6/1/2011	\$374,489.06	4.409%	\$1,375.94	\$2,109.58
7/1/2011	\$373,755.42	4.409%	\$1,373.24	\$2,109.58
8/1/2011	\$373,019.08	4.409%	\$1,370.53	\$2,109.58
9/1/2011	\$372,280.03	4.409%	\$1,367.82	\$2,109.58
10/1/2011	\$371,538.27	4.409%	\$1,365.09	\$2,109.58
11/1/2011	\$370,793.78	4.409%	\$1,362.36	\$2,109.58
12/1/2011	\$370,046.56	4.409%	\$1,359.61	\$2,109.58

1/1/2012	\$369,296.59	4.409%	\$1,356.86	\$2,109.58
2/1/2012	\$368,543.87	4.409%	\$1,354.09	\$2,109.58
3/1/2012	\$367,788.38	4.409%	\$1,351.32	\$2,109.58
4/1/2012	\$367,030.12	4.409%	\$1,348.53	\$2,109.58
5/1/2012	\$366,269.07	4.409%	\$1,345.73	\$2,109.58
6/1/2012	\$365,505.22	4.409%	\$1,342.93	\$2,109.58
7/1/2012	\$364,738.57	4.409%	\$1,340.11	\$2,109.58
8/1/2012	\$363,969.10	4.409%	\$1,337.28	\$2,109.58
9/1/2012	\$363,196.80	4.409%	\$1,334.45	\$2,109.58
10/1/2012	\$362,421.67	4.409%	\$1,331.60	\$2,109.58
11/1/2012	\$361,643.69	4.409%	\$1,328.74	\$2,109.58
12/1/2012	\$360,862.85	4.409%	\$1,325.87	\$2,109.58
1/1/2013	\$360,079.14	4.409%	\$1,322.99	\$2,109.58
2/1/2013	\$359,292.55	4.409%	\$1,320.10	\$2,109.58
3/1/2013	\$358,503.07	4.409%	\$1,317.20	\$2,109.58
4/1/2013	\$357,710.69	4.409%	\$1,314.29	\$2,109.58
5/1/2013	\$356,915.40	4.409%	\$1,311.37	\$2,109.58
6/1/2013	\$356,117.19	4.409%	\$1,308.43	\$2,109.58
7/1/2013	\$355,316.04	4.409%	\$1,305.49	\$2,109.58
8/1/2013	\$354,511.95	4.409%	\$1,302.54	\$2,109.58
9/1/2013	\$353,704.91	4.409%	\$1,299.57	\$2,109.58
10/1/2013	\$352,894.90	4.409%	\$1,296.59	\$2,109.58
11/1/2013	\$352,081.91	4.409%	\$1,293.61	\$2,109.58
12/1/2013	\$351,265.94	4.409%	\$1,290.61	\$2,109.58
1/1/2014	\$350,446.97	4.409%	\$1,287.60	\$2,109.58
2/1/2014	\$349,624.99	4.409%	\$1,284.58	\$2,109.58
3/1/2014	\$348,799.99	4.409%	\$1,281.55	\$2,109.58
4/1/2014	\$347,971.96	4.409%	\$1,278.51	\$2,109.58
5/1/2014	\$347,140.89	4.409%	\$1,275.45	\$2,109.58
6/1/2014	\$346,306.76	4.409%	\$1,272.39	\$2,109.58
7/1/2014	\$345,469.57	4.409%	\$1,269.31	\$2,109.58
8/1/2014	\$344,629.30	4.409%	\$1,266.23	\$2,109.58
9/1/2014	\$343,785.95	4.409%	\$1,263.13	\$2,109.58
10/1/2014	\$342,939.50	4.409%	\$1,260.02	\$2,109.58
11/1/2014	\$342,089.94	4.409%	\$1,256.90	\$2,109.58
12/1/2014	\$341,237.26	4.409%	\$1,253.76	\$2,109.58
1/1/2015	\$340,381.44	4.409%	\$1,250.62	\$2,109.58
2/1/2015	\$339,522.48	4.409%	\$1,247.46	\$2,109.58
3/1/2015	\$338,660.36	4.409%	\$1,244.29	\$2,109.58
4/1/2015	\$337,795.07	4.409%	\$1,241.12	\$2,109.58
5/1/2015	\$336,926.61	4.409%	\$1,237.92	\$2,109.58
6/1/2015	\$336,054.95	4.409%	\$1,234.72	\$2,109.58
7/1/2015	\$335,180.09	4.409%	\$1,231.51	\$2,109.58
8/1/2015	\$334,302.02	4.409%	\$1,228.28	\$2,109.58
9/1/2015	\$333,420.72	4.409%	\$1,225.04	\$2,109.58
10/1/2015	\$332,536.18	4.409%	\$1,221.79	\$2,109.58

11/1/2015	\$331,648.39	4.409%	\$1,218.53	\$2,109.58
12/1/2015	\$330,757.34	4.409%	\$1,215.26	\$2,109.58
1/1/2016	\$329,863.02	4.409%	\$1,211.97	\$2,109.58
2/1/2016	\$328,965.41	4.409%	\$1,208.67	\$2,109.58
3/1/2016	\$328,064.50	4.409%	\$1,205.36	\$2,109.58
4/1/2016	\$327,160.28	4.409%	\$1,202.04	\$2,109.58
5/1/2016	\$326,252.74	4.409%	\$1,198.71	\$2,109.58
6/1/2016	\$325,341.87	4.409%	\$1,195.36	\$2,109.58
7/1/2016	\$324,427.65	4.409%	\$1,192.00	\$2,109.58
8/1/2016	\$323,510.07	4.409%	\$1,188.63	\$2,109.58
9/1/2016	\$322,589.12	4.409%	\$1,185.25	\$2,109.58
10/1/2016	\$321,664.79	4.409%	\$1,181.85	\$2,109.58
11/1/2016	\$320,737.06	4.409%	\$1,178.44	\$2,109.58
12/1/2016	\$319,805.92	4.409%	\$1,175.02	\$2,109.58
1/1/2017	\$318,871.36	4.409%	\$1,171.59	\$2,109.58
2/1/2017	\$317,933.37	4.409%	\$1,168.14	\$2,109.58
3/1/2017	\$316,991.93	4.409%	\$1,164.68	\$2,109.58
4/1/2017	\$316,047.03	4.409%	\$1,161.21	\$2,109.58
5/1/2017	\$315,098.66	4.409%	\$1,157.72	\$2,109.58
6/1/2017	\$314,146.80	4.409%	\$1,154.23	\$2,109.58
7/1/2017	\$313,191.45	4.409%	\$1,150.72	\$2,109.58
8/1/2017	\$312,232.59	4.409%	\$1,147.19	\$2,109.58
9/1/2017	\$311,270.20	4.409%	\$1,143.66	\$2,109.58
10/1/2017	\$310,304.28	4.409%	\$1,140.11	\$2,109.58
11/1/2017	\$309,334.81	4.409%	\$1,136.55	\$2,109.58
12/1/2017	\$308,361.78	4.409%	\$1,132.97	\$2,109.58
1/1/2018	\$307,385.17	4.409%	\$1,129.38	\$2,109.58
2/1/2018	\$306,404.97	4.409%	\$1,125.78	\$2,109.58
3/1/2018	\$305,421.17	4.409%	\$1,122.17	\$2,109.58
4/1/2018	\$304,433.76	4.409%	\$1,118.54	\$2,109.58
5/1/2018	\$303,442.72	4.409%	\$1,114.90	\$2,109.58
6/1/2018	\$302,448.04	4.409%	\$1,111.24	\$2,109.58
7/1/2018	\$301,449.70	4.409%	\$1,107.58	\$2,109.58
8/1/2018	\$300,447.70	4.409%	\$1,103.89	\$2,109.58
9/1/2018	\$299,442.01	4.409%	\$1,100.20	\$2,109.58
10/1/2018	\$298,432.63	4.409%	\$1,096.49	\$2,109.58
11/1/2018	\$297,419.54	4.409%	\$1,092.77	\$2,109.58
12/1/2018	\$296,402.73	4.409%	\$1,089.03	\$2,109.58
1/1/2019	\$295,382.18	4.409%	\$1,085.28	\$2,109.58
2/1/2019	\$294,357.88	4.409%	\$1,081.52	\$2,109.58
3/1/2019	\$293,329.82	4.409%	\$1,077.74	\$2,109.58
4/1/2019	\$292,297.98	4.409%	\$1,073.95	\$2,109.58
5/1/2019	\$291,262.35	4.409%	\$1,070.15	\$2,109.58
6/1/2019	\$290,222.92	4.409%	\$1,066.33	\$2,109.58
7/1/2019	\$289,179.67	4.409%	\$1,062.49	\$2,109.58
8/1/2019	\$288,132.58	4.409%	\$1,058.65	\$2,109.58

9/1/2019	\$287,081.65	4.409%	\$1,054.79	\$2,109.58
10/1/2019	\$286,026.86	4.409%	\$1,050.91	\$2,109.58
11/1/2019	\$284,968.19	4.409%	\$1,047.02	\$2,109.58
12/1/2019	\$283,905.63	4.409%	\$1,043.12	\$2,109.58
1/1/2020	\$282,839.17	4.409%	\$1,039.20	\$2,109.58
2/1/2020	\$281,768.79	4.409%	\$1,035.27	\$2,109.58
3/1/2020	\$280,694.48	4.409%	\$1,031.32	\$2,109.58
4/1/2020	\$279,616.22	4.409%	\$1,027.36	\$2,109.58
5/1/2020	\$278,534.00	4.409%	\$1,023.38	\$2,109.58
6/1/2020	\$277,447.80	4.409%	\$1,019.39	\$2,109.58
7/1/2020	\$276,357.61	4.409%	\$1,015.38	\$2,109.58
8/1/2020	\$275,263.41	4.409%	\$1,011.36	\$2,109.58
9/1/2020	\$274,165.19	4.409%	\$1,007.33	\$2,109.58
10/1/2020	\$273,062.94	4.409%	\$1,003.28	\$2,109.58
11/1/2020	\$271,956.64	4.409%	\$999.21	\$2,109.58
12/1/2020	\$270,846.27	4.409%	\$995.13	\$2,109.58
1/1/2021	\$269,731.82	4.409%	\$991.04	\$2,109.58
2/1/2021	\$268,613.28	4.409%	\$986.93	\$2,109.58
3/1/2021	\$267,490.63	4.409%	\$982.81	\$2,109.58
4/1/2021	\$266,363.86	4.409%	\$978.67	\$2,109.58
5/1/2021	\$265,232.95	4.409%	\$974.51	\$2,109.58
6/1/2021	\$264,097.88	4.409%	\$970.34	\$2,109.58
7/1/2021	\$262,958.64	4.409%	\$966.15	\$2,109.58
8/1/2021	\$261,815.21	4.409%	\$961.95	\$2,109.58
9/1/2021	\$260,667.58	4.409%	\$957.74	\$2,109.58
10/1/2021	\$259,515.74	4.409%	\$953.50	\$2,109.58
11/1/2021	\$258,359.66	4.409%	\$949.26	\$2,109.58
12/1/2021	\$257,199.34	4.409%	\$944.99	\$2,109.58
1/1/2022	\$256,034.75	4.409%	\$940.71	\$2,109.58
2/1/2022	\$254,865.88	4.409%	\$936.42	\$2,109.58
3/1/2022	\$253,692.72	4.409%	\$932.11	\$2,109.58
4/1/2022	\$252,515.25	4.409%	\$927.78	\$2,109.58
5/1/2022	\$251,333.45	4.409%	\$923.44	\$2,109.58
6/1/2022	\$250,147.31	4.409%	\$919.08	\$2,109.58
7/1/2022	\$248,956.81	4.409%	\$914.71	\$2,109.58
8/1/2022	\$247,761.94	4.409%	\$910.32	\$2,109.58
9/1/2022	\$246,562.68	4.409%	\$905.91	\$2,109.58
10/1/2022	\$245,359.01	4.409%	\$901.49	\$2,109.58
11/1/2022	\$244,150.92	4.409%	\$897.05	\$2,109.58
12/1/2022	\$242,938.39	4.409%	\$892.60	\$2,109.58
1/1/2023	\$241,721.41	4.409%	\$888.12	\$2,109.58
2/1/2023	\$240,499.95	4.409%	\$883.64	\$2,109.58
3/1/2023	\$239,274.01	4.409%	\$879.13	\$2,109.58
4/1/2023	\$238,043.56	4.409%	\$874.61	\$2,109.58
5/1/2023	\$236,808.59	4.409%	\$870.07	\$2,109.58
6/1/2023	\$235,569.08	4.409%	\$865.52	\$2,109.58

7/1/2023	\$234,325.02	4.409%	\$860.95	\$2,109.58
8/1/2023	\$233,076.39	4.409%	\$856.36	\$2,109.58
9/1/2023	\$231,823.17	4.409%	\$851.76	\$2,109.58
10/1/2023	\$230,565.35	4.409%	\$847.14	\$2,109.58
11/1/2023	\$229,302.91	4.409%	\$842.50	\$2,109.58
12/1/2023	\$228,035.83	4.409%	\$837.84	\$2,109.58
1/1/2024	\$226,764.09	4.409%	\$833.17	\$2,109.58
2/1/2024	\$225,487.68	4.409%	\$828.48	\$2,109.58
3/1/2024	\$224,206.58	4.409%	\$823.77	\$2,109.58
4/1/2024	\$222,920.77	4.409%	\$819.05	\$2,109.58
5/1/2024	\$221,630.24	4.409%	\$814.31	\$2,109.58
6/1/2024	\$220,334.97	4.409%	\$809.55	\$2,109.58
7/1/2024	\$219,034.94	4.409%	\$804.77	\$2,109.58
8/1/2024	\$217,730.13	4.409%	\$799.98	\$2,109.58
9/1/2024	\$216,420.53	4.409%	\$795.17	\$2,109.58
10/1/2024	\$215,106.12	4.409%	\$790.34	\$2,109.58
11/1/2024	\$213,786.88	4.409%	\$785.49	\$2,109.58
12/1/2024	\$212,462.79	4.409%	\$780.62	\$2,109.58
1/1/2025	\$211,133.83	4.409%	\$775.74	\$2,109.58
2/1/2025	\$209,799.99	4.409%	\$770.84	\$2,109.58
3/1/2025	\$208,461.25	4.409%	\$765.92	\$2,109.58
4/1/2025	\$207,117.59	4.409%	\$760.98	\$2,109.58
5/1/2025	\$205,768.99	4.409%	\$756.03	\$2,109.58
6/1/2025	\$204,415.44	4.409%	\$751.06	\$2,109.58
7/1/2025	\$203,056.92	4.409%	\$746.06	\$2,109.58
8/1/2025	\$201,693.40	4.409%	\$741.06	\$2,109.58
9/1/2025	\$200,324.88	4.409%	\$736.03	\$2,109.58
10/1/2025	\$198,951.33	4.409%	\$730.98	\$2,109.58
11/1/2025	\$197,572.73	4.409%	\$725.92	\$2,109.58
12/1/2025	\$196,189.07	4.409%	\$720.83	\$2,109.58
1/1/2026	\$194,800.32	4.409%	\$715.73	\$2,109.58
2/1/2026	\$193,406.47	4.409%	\$710.61	\$2,109.58
3/1/2026	\$192,007.50	4.409%	\$705.47	\$2,109.58
4/1/2026	\$190,603.39	4.409%	\$700.31	\$2,109.58
5/1/2026	\$189,194.12	4.409%	\$695.13	\$2,109.58
6/1/2026	\$187,779.67	4.409%	\$689.93	\$2,109.58
7/1/2026	\$186,360.02	4.409%	\$684.72	\$2,109.58
8/1/2026	\$184,935.16	4.409%	\$679.48	\$2,109.58
9/1/2026	\$183,505.06	4.409%	\$674.23	\$2,109.58
10/1/2026	\$182,069.71	4.409%	\$668.95	\$2,109.58
11/1/2026	\$180,629.08	4.409%	\$663.66	\$2,109.58
12/1/2026	\$179,183.16	4.409%	\$658.35	\$2,109.58
1/1/2027	\$177,731.93	4.409%	\$653.02	\$2,109.58
2/1/2027	\$176,275.37	4.409%	\$647.67	\$2,109.58
3/1/2027	\$174,813.46	4.409%	\$642.29	\$2,109.58
4/1/2027	\$173,346.17	4.409%	\$636.90	\$2,109.58

5/1/2027	\$171,873.49	4.409%	\$631.49	\$2,109.58
6/1/2027	\$170,395.40	4.409%	\$626.06	\$2,109.58
7/1/2027	\$168,911.88	4.409%	\$620.61	\$2,109.58
8/1/2027	\$167,422.91	4.409%	\$615.14	\$2,109.58
9/1/2027	\$165,928.47	4.409%	\$609.65	\$2,109.58
10/1/2027	\$164,428.54	4.409%	\$604.14	\$2,109.58
11/1/2027	\$162,923.10	4.409%	\$598.61	\$2,109.58
12/1/2027	\$161,412.13	4.409%	\$593.06	\$2,109.58
1/1/2028	\$159,895.61	4.409%	\$587.48	\$2,109.58
2/1/2028	\$158,373.51	4.409%	\$581.89	\$2,109.58
3/1/2028	\$156,845.82	4.409%	\$576.28	\$2,109.58
4/1/2028	\$155,312.52	4.409%	\$570.64	\$2,109.58
5/1/2028	\$153,773.58	4.409%	\$564.99	\$2,109.58
6/1/2028	\$152,228.99	4.409%	\$559.31	\$2,109.58
7/1/2028	\$150,678.72	4.409%	\$553.62	\$2,109.58
8/1/2028	\$149,122.76	4.409%	\$547.90	\$2,109.58
9/1/2028	\$147,561.08	4.409%	\$542.16	\$2,109.58
10/1/2028	\$145,993.66	4.409%	\$536.41	\$2,109.58
11/1/2028	\$144,420.49	4.409%	\$530.62	\$2,109.58
12/1/2028	\$142,841.53	4.409%	\$524.82	\$2,109.58
1/1/2029	\$141,256.77	4.409%	\$519.00	\$2,109.58
2/1/2029	\$139,666.19	4.409%	\$513.16	\$2,109.58
3/1/2029	\$138,069.77	4.409%	\$507.29	\$2,109.58
4/1/2029	\$136,467.48	4.409%	\$501.40	\$2,109.58
5/1/2029	\$134,859.30	4.409%	\$495.50	\$2,109.58
6/1/2029	\$133,245.22	4.409%	\$489.57	\$2,109.58
7/1/2029	\$131,625.21	4.409%	\$483.61	\$2,109.58
8/1/2029	\$129,999.24	4.409%	\$477.64	\$2,109.58
9/1/2029	\$128,367.30	4.409%	\$471.64	\$2,109.58
10/1/2029	\$126,729.36	4.409%	\$465.62	\$2,109.58
11/1/2029	\$125,085.40	4.409%	\$459.58	\$2,109.58
12/1/2029	\$123,435.40	4.409%	\$453.52	\$2,109.58
1/1/2030	\$121,779.34	4.409%	\$447.44	\$2,109.58
2/1/2030	\$120,117.20	4.409%	\$441.33	\$2,109.58
3/1/2030	\$118,448.95	4.409%	\$435.20	\$2,109.58
4/1/2030	\$116,774.57	4.409%	\$429.05	\$2,109.58
5/1/2030	\$115,094.04	4.409%	\$422.87	\$2,109.58
6/1/2030	\$113,407.33	4.409%	\$416.68	\$2,109.58
7/1/2030	\$111,714.43	4.409%	\$410.46	\$2,109.58
8/1/2030	\$110,015.31	4.409%	\$404.21	\$2,109.58
9/1/2030	\$108,309.94	4.409%	\$397.95	\$2,109.58
10/1/2030	\$106,598.31	4.409%	\$391.66	\$2,109.58
11/1/2030	\$104,880.39	4.409%	\$385.35	\$2,109.58
12/1/2030	\$103,156.16	4.409%	\$379.01	\$2,109.58
1/1/2031	\$101,425.59	4.409%	\$372.65	\$2,109.58
2/1/2031	\$99,688.66	4.409%	\$366.27	\$2,109.58

3/1/2031	\$97,945.35	4.409%	\$359.87	\$2,109.58
4/1/2031	\$96,195.64	4.409%	\$353.44	\$2,109.58
5/1/2031	\$94,439.50	4.409%	\$346.99	\$2,109.58
6/1/2031	\$92,676.91	4.409%	\$340.51	\$2,109.58
7/1/2031	\$90,907.84	4.409%	\$334.01	\$2,109.58
8/1/2031	\$89,132.27	4.409%	\$327.49	\$2,109.58
9/1/2031	\$87,350.18	4.409%	\$320.94	\$2,109.58
10/1/2031	\$85,561.54	4.409%	\$314.37	\$2,109.58
11/1/2031	\$83,766.33	4.409%	\$307.77	\$2,109.58
12/1/2031	\$81,964.52	4.409%	\$301.15	\$2,109.58
1/1/2032	\$80,156.09	4.409%	\$294.51	\$2,109.58
2/1/2032	\$78,341.02	4.409%	\$287.84	\$2,109.58
3/1/2032	\$76,519.28	4.409%	\$281.14	\$2,109.58
4/1/2032	\$74,690.84	4.409%	\$274.43	\$2,109.58
5/1/2032	\$72,855.69	4.409%	\$267.68	\$2,109.58
6/1/2032	\$71,013.79	4.409%	\$260.92	\$2,109.58
7/1/2032	\$69,165.13	4.409%	\$254.12	\$2,109.58
8/1/2032	\$67,309.67	4.409%	\$247.31	\$2,109.58
9/1/2032	\$65,447.40	4.409%	\$240.46	\$2,109.58
10/1/2032	\$63,578.28	4.409%	\$233.60	\$2,109.58
11/1/2032	\$61,702.30	4.409%	\$226.70	\$2,109.58
12/1/2032	\$59,819.42	4.409%	\$219.79	\$2,109.58
1/1/2033	\$57,929.63	4.409%	\$212.84	\$2,109.58
2/1/2033	\$56,032.89	4.409%	\$205.87	\$2,109.58
3/1/2033	\$54,129.18	4.409%	\$198.88	\$2,109.58
4/1/2033	\$52,218.48	4.409%	\$191.86	\$2,109.58
5/1/2033	\$50,300.76	4.409%	\$184.81	\$2,109.58
6/1/2033	\$48,375.99	4.409%	\$177.74	\$2,109.58
7/1/2033	\$46,444.15	4.409%	\$170.64	\$2,109.58
8/1/2033	\$44,505.21	4.409%	\$163.52	\$2,109.58
9/1/2033	\$42,559.15	4.409%	\$156.37	\$2,109.58
10/1/2033	\$40,605.94	4.409%	\$149.19	\$2,109.58
11/1/2033	\$38,645.55	4.409%	\$141.99	\$2,109.58
12/1/2033	\$36,677.96	4.409%	\$134.76	\$2,109.58
1/1/2034	\$34,703.14	4.409%	\$127.51	\$2,109.58
2/1/2034	\$32,721.07	4.409%	\$120.22	\$2,109.58
3/1/2034	\$30,731.71	4.409%	\$112.91	\$2,109.58
4/1/2034	\$28,735.04	4.409%	\$105.58	\$2,109.58
5/1/2034	\$26,731.04	4.409%	\$98.21	\$2,109.58
6/1/2034	\$24,719.67	4.409%	\$90.82	\$2,109.58
7/1/2034	\$22,700.91	4.409%	\$83.41	\$2,109.58
8/1/2034	\$20,674.74	4.409%	\$75.96	\$2,109.58
9/1/2034	\$18,641.12	4.409%	\$68.49	\$2,109.58
10/1/2034	\$16,600.03	4.409%	\$60.99	\$2,109.58
11/1/2034	\$14,551.44	4.409%	\$53.46	\$2,109.58
12/1/2034	\$12,495.32	4.409%	\$45.91	\$2,109.58

1/1/2035	\$10,431.65	4.409%	\$38.33	\$2,109.58
2/1/2035	\$8,360.40	4.409%	\$30.72	\$2,109.58
3/1/2035	\$6,281.54	4.409%	\$23.08	\$2,109.58
4/1/2035	\$4,195.04	4.409%	\$15.41	\$2,109.58
5/1/2035	\$2,100.87	4.409%	\$7.72	\$2,109.58
	(0.99)			\$723,367.80



**Exhibit B**

The following reflects a composite APR of 8.5116%, an amount financed of \$992,540.20 and the payment schedule set forth in Jones-Boyle's Disclosure Statement. (All dollar amounts have been rounded to the nearest \$.01.)

Total of Payments: \$3,055,343.51  
 Amount Financed: -\$992,540.20  
 Finance Charge: \$2,062,803.31

<b>Payment Date</b>	<b>Unpaid Principal</b>	<b>APR</b>	<b>Accrued Interest</b>	<b>Payment</b>
8/1/2007	\$992,540.20	8.5116%	\$7,040.09	\$3,379.69
9/1/2007	\$996,200.60	8.5116%	\$7,066.05	\$3,379.69
10/1/2007	\$999,886.96	8.5116%	\$7,092.20	\$3,379.69
11/1/2007	\$1,003,599.47	8.5116%	\$7,118.53	\$3,379.69
12/1/2007	\$1,007,338.31	8.5116%	\$7,145.05	\$3,379.69
1/1/2008	\$1,011,103.67	8.5116%	\$7,171.76	\$3,379.69
2/1/2008	\$1,014,895.74	8.5116%	\$7,198.66	\$3,379.69
3/1/2008	\$1,018,714.71	8.5116%	\$7,225.74	\$3,379.69
4/1/2008	\$1,022,560.76	8.5116%	\$7,253.02	\$3,379.69
5/1/2008	\$1,026,434.09	8.5116%	\$7,280.50	\$3,379.69
6/1/2008	\$1,030,334.90	8.5116%	\$7,308.17	\$3,379.69
7/1/2008	\$1,034,263.38	8.5116%	\$7,336.03	\$3,379.69
8/1/2008	\$1,038,219.72	8.5116%	\$7,364.09	\$3,633.16
9/1/2008	\$1,041,950.65	8.5116%	\$7,390.56	\$3,633.16
10/1/2008	\$1,045,708.05	8.5116%	\$7,417.21	\$3,633.16
11/1/2008	\$1,049,492.10	8.5116%	\$7,444.05	\$3,633.16
12/1/2008	\$1,053,302.99	8.5116%	\$7,471.08	\$3,633.16
1/1/2009	\$1,057,140.91	8.5116%	\$7,498.30	\$3,633.16
2/1/2009	\$1,061,006.05	8.5116%	\$7,525.72	\$3,633.16
3/1/2009	\$1,064,898.61	8.5116%	\$7,553.33	\$3,633.16
4/1/2009	\$1,068,818.78	8.5116%	\$7,581.13	\$3,633.16
5/1/2009	\$1,072,766.75	8.5116%	\$7,609.13	\$3,633.16
6/1/2009	\$1,076,742.72	8.5116%	\$7,637.34	\$3,633.16
7/1/2009	\$1,080,746.90	8.5116%	\$7,665.74	\$3,633.16
8/1/2009	\$1,084,779.48	8.5116%	\$7,694.34	\$3,905.65
9/1/2009	\$1,088,568.17	8.5116%	\$7,721.21	\$3,905.65
10/1/2009	\$1,092,383.73	8.5116%	\$7,748.28	\$3,905.65
11/1/2009	\$1,096,226.36	8.5116%	\$7,775.53	\$3,905.65
12/1/2009	\$1,100,096.24	8.5116%	\$7,802.98	\$3,905.65
1/1/2010	\$1,103,993.57	8.5116%	\$7,830.63	\$3,905.65
2/1/2010	\$1,107,918.55	8.5116%	\$7,858.47	\$3,905.65
3/1/2010	\$1,111,871.37	8.5116%	\$7,886.50	\$3,905.65
4/1/2010	\$1,115,852.22	8.5116%	\$7,914.74	\$3,905.65

5/1/2010	\$1,119,861.31	8.5116%	\$7,943.18	\$3,905.65
6/1/2010	\$1,123,898.84	8.5116%	\$7,971.81	\$3,905.65
7/1/2010	\$1,127,965.00	8.5116%	\$8,000.66	\$3,905.65
8/1/2010	\$1,132,060.01	8.5116%	\$8,029.70	\$4,198.57
9/1/2010	\$1,135,891.14	8.5116%	\$8,056.88	\$4,198.57
10/1/2010	\$1,139,749.45	8.5116%	\$8,084.24	\$4,198.57
11/1/2010	\$1,143,635.12	8.5116%	\$8,111.80	\$4,198.57
12/1/2010	\$1,147,548.35	8.5116%	\$8,139.56	\$9,086.04
1/1/2011	\$1,146,601.87	8.5116%	\$8,132.85	\$9,086.04
2/1/2011	\$1,145,648.68	8.5116%	\$8,126.09	\$9,086.04
3/1/2011	\$1,144,688.73	8.5116%	\$8,119.28	\$9,086.04
4/1/2011	\$1,143,721.97	8.5116%	\$8,112.42	\$9,086.04
5/1/2011	\$1,142,748.35	8.5116%	\$8,105.51	\$9,086.04
6/1/2011	\$1,141,767.82	8.5116%	\$8,098.56	\$9,086.04
7/1/2011	\$1,140,780.34	8.5116%	\$8,091.55	\$9,086.04
8/1/2011	\$1,139,785.85	8.5116%	\$8,084.50	\$9,086.04
9/1/2011	\$1,138,784.31	8.5116%	\$8,077.40	\$9,086.04
10/1/2011	\$1,137,775.67	8.5116%	\$8,070.24	\$9,086.04
11/1/2011	\$1,136,759.87	8.5116%	\$8,063.04	\$9,086.04
12/1/2011	\$1,135,736.87	8.5116%	\$8,055.78	\$9,086.04
1/1/2012	\$1,134,706.61	8.5116%	\$8,048.47	\$9,086.04
2/1/2012	\$1,133,669.04	8.5116%	\$8,041.11	\$9,086.04
3/1/2012	\$1,132,624.11	8.5116%	\$8,033.70	\$9,086.04
4/1/2012	\$1,131,571.77	8.5116%	\$8,026.24	\$9,086.04
5/1/2012	\$1,130,511.97	8.5116%	\$8,018.72	\$9,086.04
6/1/2012	\$1,129,444.65	8.5116%	\$8,011.15	\$9,086.04
7/1/2012	\$1,128,369.76	8.5116%	\$8,003.53	\$9,086.04
8/1/2012	\$1,127,287.25	8.5116%	\$7,995.85	\$9,086.04
9/1/2012	\$1,126,197.06	8.5116%	\$7,988.12	\$9,086.04
10/1/2012	\$1,125,099.14	8.5116%	\$7,980.33	\$9,086.04
11/1/2012	\$1,123,993.43	8.5116%	\$7,972.49	\$9,086.04
12/1/2012	\$1,122,879.88	8.5116%	\$7,964.59	\$9,086.04
1/1/2013	\$1,121,758.43	8.5116%	\$7,956.63	\$9,086.04
2/1/2013	\$1,120,629.02	8.5116%	\$7,948.62	\$9,086.04
3/1/2013	\$1,119,491.60	8.5116%	\$7,940.55	\$9,086.04
4/1/2013	\$1,118,346.11	8.5116%	\$7,932.43	\$9,086.04
5/1/2013	\$1,117,192.50	8.5116%	\$7,924.25	\$9,086.04
6/1/2013	\$1,116,030.71	8.5116%	\$7,916.01	\$9,086.04
7/1/2013	\$1,114,860.68	8.5116%	\$7,907.71	\$9,086.04
8/1/2013	\$1,113,682.35	8.5116%	\$7,899.35	\$9,086.04
9/1/2013	\$1,112,495.66	8.5116%	\$7,890.93	\$9,086.04
10/1/2013	\$1,111,300.55	8.5116%	\$7,882.45	\$9,086.04
11/1/2013	\$1,110,096.96	8.5116%	\$7,873.92	\$9,086.04
12/1/2013	\$1,108,884.84	8.5116%	\$7,865.32	\$9,086.04
1/1/2014	\$1,107,664.12	8.5116%	\$7,856.66	\$9,086.04
2/1/2014	\$1,106,434.74	8.5116%	\$7,847.94	\$9,086.04

3/1/2014	\$1,105,196.64	8.5116%	\$7,839.16	\$9,086.04
4/1/2014	\$1,103,949.76	8.5116%	\$7,830.32	\$9,086.04
5/1/2014	\$1,102,694.04	8.5116%	\$7,821.41	\$9,086.04
6/1/2014	\$1,101,429.41	8.5116%	\$7,812.44	\$9,086.04
7/1/2014	\$1,100,155.81	8.5116%	\$7,803.41	\$9,086.04
8/1/2014	\$1,098,873.18	8.5116%	\$7,794.31	\$9,086.04
9/1/2014	\$1,097,581.45	8.5116%	\$7,785.15	\$9,086.04
10/1/2014	\$1,096,280.56	8.5116%	\$7,775.92	\$9,086.04
11/1/2014	\$1,094,970.44	8.5116%	\$7,766.63	\$9,086.04
12/1/2014	\$1,093,651.03	8.5116%	\$7,757.27	\$9,086.04
1/1/2015	\$1,092,322.26	8.5116%	\$7,747.84	\$9,086.04
2/1/2015	\$1,090,984.06	8.5116%	\$7,738.35	\$9,086.04
3/1/2015	\$1,089,636.37	8.5116%	\$7,728.79	\$9,086.04
4/1/2015	\$1,088,279.12	8.5116%	\$7,719.16	\$9,086.04
5/1/2015	\$1,086,912.24	8.5116%	\$7,709.47	\$9,086.04
6/1/2015	\$1,085,535.67	8.5116%	\$7,699.70	\$9,086.04
7/1/2015	\$1,084,149.33	8.5116%	\$7,689.87	\$9,086.04
8/1/2015	\$1,082,753.16	8.5116%	\$7,679.97	\$9,086.04
9/1/2015	\$1,081,347.09	8.5116%	\$7,669.99	\$9,086.04
10/1/2015	\$1,079,931.04	8.5116%	\$7,659.95	\$9,086.04
11/1/2015	\$1,078,504.95	8.5116%	\$7,649.84	\$9,086.04
12/1/2015	\$1,077,068.75	8.5116%	\$7,639.65	\$9,086.04
1/1/2016	\$1,075,622.36	8.5116%	\$7,629.39	\$9,086.04
2/1/2016	\$1,074,165.71	8.5116%	\$7,619.06	\$9,086.04
3/1/2016	\$1,072,698.73	8.5116%	\$7,608.65	\$9,086.04
4/1/2016	\$1,071,221.34	8.5116%	\$7,598.17	\$9,086.04
5/1/2016	\$1,069,733.47	8.5116%	\$7,587.62	\$9,086.04
6/1/2016	\$1,068,235.05	8.5116%	\$7,576.99	\$9,086.04
7/1/2016	\$1,066,726.00	8.5116%	\$7,566.29	\$9,086.04
8/1/2016	\$1,065,206.25	8.5116%	\$7,555.51	\$9,086.04
9/1/2016	\$1,063,675.72	8.5116%	\$7,544.65	\$9,086.04
10/1/2016	\$1,062,134.33	8.5116%	\$7,533.72	\$9,086.04
11/1/2016	\$1,060,582.01	8.5116%	\$7,522.71	\$9,086.04
12/1/2016	\$1,059,018.68	8.5116%	\$7,511.62	\$9,086.04
1/1/2017	\$1,057,444.26	8.5116%	\$7,500.45	\$9,086.04
2/1/2017	\$1,055,858.67	8.5116%	\$7,489.21	\$9,086.04
3/1/2017	\$1,054,261.84	8.5116%	\$7,477.88	\$9,086.04
4/1/2017	\$1,052,653.68	8.5116%	\$7,466.47	\$9,086.04
5/1/2017	\$1,051,034.11	8.5116%	\$7,454.98	\$9,086.04
6/1/2017	\$1,049,403.05	8.5116%	\$7,443.42	\$9,086.04
7/1/2017	\$1,047,760.43	8.5116%	\$7,431.76	\$9,086.04
8/1/2017	\$1,046,106.15	8.5116%	\$7,420.03	\$9,086.04
9/1/2017	\$1,044,440.14	8.5116%	\$7,408.21	\$9,086.04
10/1/2017	\$1,042,762.31	8.5116%	\$7,396.31	\$9,086.04
11/1/2017	\$1,041,072.58	8.5116%	\$7,384.33	\$9,086.04
12/1/2017	\$1,039,370.87	8.5116%	\$7,372.26	\$9,086.04

1/1/2018	\$1,037,657.09	8.5116%	\$7,360.10	\$9,086.04
2/1/2018	\$1,035,931.15	8.5116%	\$7,347.86	\$9,086.04
3/1/2018	\$1,034,192.97	8.5116%	\$7,335.53	\$9,086.04
4/1/2018	\$1,032,442.46	8.5116%	\$7,323.11	\$9,086.04
5/1/2018	\$1,030,679.53	8.5116%	\$7,310.61	\$9,086.04
6/1/2018	\$1,028,904.10	8.5116%	\$7,298.02	\$9,086.04
7/1/2018	\$1,027,116.08	8.5116%	\$7,285.33	\$9,086.04
8/1/2018	\$1,025,315.37	8.5116%	\$7,272.56	\$9,086.04
9/1/2018	\$1,023,501.89	8.5116%	\$7,259.70	\$9,086.04
10/1/2018	\$1,021,675.55	8.5116%	\$7,246.74	\$9,086.04
11/1/2018	\$1,019,836.25	8.5116%	\$7,233.70	\$9,086.04
12/1/2018	\$1,017,983.91	8.5116%	\$7,220.56	\$9,086.04
1/1/2019	\$1,016,118.43	8.5116%	\$7,207.33	\$9,086.04
2/1/2019	\$1,014,239.72	8.5116%	\$7,194.00	\$9,086.04
3/1/2019	\$1,012,347.68	8.5116%	\$7,180.58	\$9,086.04
4/1/2019	\$1,010,442.22	8.5116%	\$7,167.07	\$9,086.04
5/1/2019	\$1,008,523.25	8.5116%	\$7,153.46	\$9,086.04
6/1/2019	\$1,006,590.67	8.5116%	\$7,139.75	\$9,086.04
7/1/2019	\$1,004,644.38	8.5116%	\$7,125.94	\$9,086.04
8/1/2019	\$1,002,684.28	8.5116%	\$7,112.04	\$9,086.04
9/1/2019	\$1,000,710.28	8.5116%	\$7,098.04	\$9,086.04
10/1/2019	\$998,722.28	8.5116%	\$7,083.94	\$9,086.04
11/1/2019	\$996,720.18	8.5116%	\$7,069.74	\$9,086.04
12/1/2019	\$994,703.88	8.5116%	\$7,055.43	\$9,086.04
1/1/2020	\$992,673.27	8.5116%	\$7,041.03	\$9,086.04
2/1/2020	\$990,628.26	8.5116%	\$7,026.53	\$9,086.04
3/1/2020	\$988,568.75	8.5116%	\$7,011.92	\$9,086.04
4/1/2020	\$986,494.63	8.5116%	\$6,997.21	\$9,086.04
5/1/2020	\$984,405.80	8.5116%	\$6,982.39	\$9,086.04
6/1/2020	\$982,302.15	8.5116%	\$6,967.47	\$9,086.04
7/1/2020	\$980,183.58	8.5116%	\$6,952.44	\$9,086.04
8/1/2020	\$978,049.98	8.5116%	\$6,937.31	\$9,086.04
9/1/2020	\$975,901.25	8.5116%	\$6,922.07	\$9,086.04
10/1/2020	\$973,737.28	8.5116%	\$6,906.72	\$9,086.04
11/1/2020	\$971,557.96	8.5116%	\$6,891.26	\$9,086.04
12/1/2020	\$969,363.18	8.5116%	\$6,875.69	\$9,086.04
1/1/2021	\$967,152.83	8.5116%	\$6,860.02	\$9,086.04
2/1/2021	\$964,926.81	8.5116%	\$6,844.23	\$9,086.04
3/1/2021	\$962,685.00	8.5116%	\$6,828.32	\$9,086.04
4/1/2021	\$960,427.28	8.5116%	\$6,812.31	\$9,086.04
5/1/2021	\$958,153.55	8.5116%	\$6,796.18	\$9,086.04
6/1/2021	\$955,863.69	8.5116%	\$6,779.94	\$9,086.04
7/1/2021	\$953,557.59	8.5116%	\$6,763.58	\$9,086.04
8/1/2021	\$951,235.13	8.5116%	\$6,747.11	\$9,086.04
9/1/2021	\$948,896.20	8.5116%	\$6,730.52	\$9,086.04
10/1/2021	\$946,540.68	8.5116%	\$6,713.81	\$9,086.04

11/1/2021	\$944,168.45	8.5116%	\$6,696.99	\$9,086.04
12/1/2021	\$941,779.40	8.5116%	\$6,680.04	\$9,086.04
1/1/2022	\$939,373.40	8.5116%	\$6,662.98	\$9,086.04
2/1/2022	\$936,950.34	8.5116%	\$6,645.79	\$9,086.04
3/1/2022	\$934,510.09	8.5116%	\$6,628.48	\$9,086.04
4/1/2022	\$932,052.53	8.5116%	\$6,611.05	\$9,086.04
5/1/2022	\$929,577.54	8.5116%	\$6,593.49	\$9,086.04
6/1/2022	\$927,084.99	8.5116%	\$6,575.81	\$9,086.04
7/1/2022	\$924,574.76	8.5116%	\$6,558.01	\$9,086.04
8/1/2022	\$922,046.73	8.5116%	\$6,540.08	\$9,086.04
9/1/2022	\$919,500.77	8.5116%	\$6,522.02	\$9,086.04
10/1/2022	\$916,936.75	8.5116%	\$6,503.83	\$9,086.04
11/1/2022	\$914,354.54	8.5116%	\$6,485.52	\$9,086.04
12/1/2022	\$911,754.02	8.5116%	\$6,467.07	\$9,086.04
1/1/2023	\$909,135.05	8.5116%	\$6,448.49	\$9,086.04
2/1/2023	\$906,497.50	8.5116%	\$6,429.79	\$9,086.04
3/1/2023	\$903,841.25	8.5116%	\$6,410.95	\$9,086.04
4/1/2023	\$901,166.16	8.5116%	\$6,391.97	\$9,086.04
5/1/2023	\$898,472.09	8.5116%	\$6,372.86	\$9,086.04
6/1/2023	\$895,758.91	8.5116%	\$6,353.62	\$9,086.04
7/1/2023	\$893,026.49	8.5116%	\$6,334.24	\$9,086.04
8/1/2023	\$890,274.69	8.5116%	\$6,314.72	\$9,086.04
9/1/2023	\$887,503.37	8.5116%	\$6,295.06	\$9,086.04
10/1/2023	\$884,712.39	8.5116%	\$6,275.26	\$9,086.04
11/1/2023	\$881,901.61	8.5116%	\$6,255.33	\$9,086.04
12/1/2023	\$879,070.90	8.5116%	\$6,235.25	\$9,086.04
1/1/2024	\$876,220.11	8.5116%	\$6,215.03	\$9,086.04
2/1/2024	\$873,349.10	8.5116%	\$6,194.67	\$9,086.04
3/1/2024	\$870,457.73	8.5116%	\$6,174.16	\$9,086.04
4/1/2024	\$867,545.85	8.5116%	\$6,153.50	\$9,086.04
5/1/2024	\$864,613.31	8.5116%	\$6,132.70	\$9,086.04
6/1/2024	\$861,659.97	8.5116%	\$6,111.75	\$9,086.04
7/1/2024	\$858,685.68	8.5116%	\$6,090.66	\$9,086.04
8/1/2024	\$855,690.30	8.5116%	\$6,069.41	\$9,086.04
9/1/2024	\$852,673.67	8.5116%	\$6,048.01	\$9,086.04
10/1/2024	\$849,635.64	8.5116%	\$6,026.47	\$9,086.04
11/1/2024	\$846,576.07	8.5116%	\$6,004.76	\$9,086.04
12/1/2024	\$843,494.79	8.5116%	\$5,982.91	\$9,086.04
1/1/2025	\$840,391.66	8.5116%	\$5,960.90	\$9,086.04
2/1/2025	\$837,266.52	8.5116%	\$5,938.73	\$9,086.04
3/1/2025	\$834,119.21	8.5116%	\$5,916.41	\$9,086.04
4/1/2025	\$830,949.58	8.5116%	\$5,893.93	\$9,086.04
5/1/2025	\$827,757.47	8.5116%	\$5,871.28	\$9,086.04
6/1/2025	\$824,542.71	8.5116%	\$5,848.48	\$9,086.04
7/1/2025	\$821,305.15	8.5116%	\$5,825.52	\$9,086.04
8/1/2025	\$818,044.63	8.5116%	\$5,802.39	\$9,086.04

9/1/2025	\$814,760.98	8.5116%	\$5,779.10	\$9,086.04
10/1/2025	\$811,454.04	8.5116%	\$5,755.64	\$9,086.04
11/1/2025	\$808,123.64	8.5116%	\$5,732.02	\$9,086.04
12/1/2025	\$804,769.62	8.5116%	\$5,708.23	\$9,086.04
1/1/2026	\$801,391.81	8.5116%	\$5,684.27	\$9,086.04
2/1/2026	\$797,990.04	8.5116%	\$5,660.14	\$9,086.04
3/1/2026	\$794,564.14	8.5116%	\$5,635.84	\$9,086.04
4/1/2026	\$791,113.94	8.5116%	\$5,611.37	\$9,086.04
5/1/2026	\$787,639.27	8.5116%	\$5,586.73	\$9,086.04
6/1/2026	\$784,139.96	8.5116%	\$5,561.90	\$9,086.04
7/1/2026	\$780,615.82	8.5116%	\$5,536.91	\$9,086.04
8/1/2026	\$777,066.69	8.5116%	\$5,511.73	\$9,086.04
9/1/2026	\$773,492.38	8.5116%	\$5,486.38	\$9,086.04
10/1/2026	\$769,892.72	8.5116%	\$5,460.85	\$9,086.04
11/1/2026	\$766,267.53	8.5116%	\$5,435.14	\$9,086.04
12/1/2026	\$762,616.63	8.5116%	\$5,409.24	\$9,086.04
1/1/2027	\$758,939.83	8.5116%	\$5,383.16	\$9,086.04
2/1/2027	\$755,236.95	8.5116%	\$5,356.90	\$9,086.04
3/1/2027	\$751,507.81	8.5116%	\$5,330.44	\$9,086.04
4/1/2027	\$747,752.21	8.5116%	\$5,303.81	\$9,086.04
5/1/2027	\$743,969.98	8.5116%	\$5,276.98	\$9,086.04
6/1/2027	\$740,160.92	8.5116%	\$5,249.96	\$9,086.04
7/1/2027	\$736,324.84	8.5116%	\$5,222.75	\$9,086.04
8/1/2027	\$732,461.55	8.5116%	\$5,195.35	\$9,086.04
9/1/2027	\$728,570.86	8.5116%	\$5,167.75	\$9,086.04
10/1/2027	\$724,652.57	8.5116%	\$5,139.96	\$9,086.04
11/1/2027	\$720,706.49	8.5116%	\$5,111.97	\$9,086.04
12/1/2027	\$716,732.42	8.5116%	\$5,083.78	\$9,086.04
1/1/2028	\$712,730.16	8.5116%	\$5,055.40	\$9,086.04
2/1/2028	\$708,699.52	8.5116%	\$5,026.81	\$9,086.04
3/1/2028	\$704,640.29	8.5116%	\$4,998.01	\$9,086.04
4/1/2028	\$700,552.26	8.5116%	\$4,969.02	\$9,086.04
5/1/2028	\$696,435.24	8.5116%	\$4,939.82	\$9,086.04
6/1/2028	\$692,289.02	8.5116%	\$4,910.41	\$9,086.04
7/1/2028	\$688,113.39	8.5116%	\$4,880.79	\$9,086.04
8/1/2028	\$683,908.14	8.5116%	\$4,850.96	\$9,086.04
9/1/2028	\$679,673.06	8.5116%	\$4,820.92	\$9,086.04
10/1/2028	\$675,407.94	8.5116%	\$4,790.67	\$9,086.04
11/1/2028	\$671,112.57	8.5116%	\$4,760.20	\$9,086.04
12/1/2028	\$666,786.73	8.5116%	\$4,729.52	\$9,086.04
1/1/2029	\$662,430.21	8.5116%	\$4,698.62	\$9,086.04
2/1/2029	\$658,042.79	8.5116%	\$4,667.50	\$9,086.04
3/1/2029	\$653,624.25	8.5116%	\$4,636.16	\$9,086.04
4/1/2029	\$649,174.37	8.5116%	\$4,604.59	\$9,086.04
5/1/2029	\$644,692.92	8.5116%	\$4,572.81	\$9,086.04
6/1/2029	\$640,179.69	8.5116%	\$4,540.79	\$9,086.04

7/1/2029	\$635,634.44	8.5116%	\$4,508.56	\$9,086.04
8/1/2029	\$631,056.96	8.5116%	\$4,476.09	\$9,086.04
9/1/2029	\$626,447.01	8.5116%	\$4,443.39	\$9,086.04
10/1/2029	\$621,804.36	8.5116%	\$4,410.46	\$9,086.04
11/1/2029	\$617,128.78	8.5116%	\$4,377.29	\$9,086.04
12/1/2029	\$612,420.03	8.5116%	\$4,343.90	\$9,086.04
1/1/2030	\$607,677.89	8.5116%	\$4,310.26	\$9,086.04
2/1/2030	\$602,902.11	8.5116%	\$4,276.38	\$9,086.04
3/1/2030	\$598,092.45	8.5116%	\$4,242.27	\$9,086.04
4/1/2030	\$593,248.68	8.5116%	\$4,207.91	\$9,086.04
5/1/2030	\$588,370.55	8.5116%	\$4,173.31	\$9,086.04
6/1/2030	\$583,457.82	8.5116%	\$4,138.47	\$9,086.04
7/1/2030	\$578,510.25	8.5116%	\$4,103.37	\$9,086.04
8/1/2030	\$573,527.58	8.5116%	\$4,068.03	\$9,086.04
9/1/2030	\$568,509.57	8.5116%	\$4,032.44	\$9,086.04
10/1/2030	\$563,455.97	8.5116%	\$3,996.59	\$9,086.04
11/1/2030	\$558,366.52	8.5116%	\$3,960.49	\$9,086.04
12/1/2030	\$553,240.97	8.5116%	\$3,924.14	\$9,086.04
1/1/2031	\$548,079.07	8.5116%	\$3,887.52	\$9,086.04
2/1/2031	\$542,880.55	8.5116%	\$3,850.65	\$9,086.04
3/1/2031	\$537,645.16	8.5116%	\$3,813.52	\$9,086.04
4/1/2031	\$532,372.64	8.5116%	\$3,776.12	\$9,086.04
5/1/2031	\$527,062.72	8.5116%	\$3,738.46	\$9,086.04
6/1/2031	\$521,715.14	8.5116%	\$3,700.53	\$9,086.04
7/1/2031	\$516,329.63	8.5116%	\$3,662.33	\$9,086.04
8/1/2031	\$510,905.92	8.5116%	\$3,623.86	\$9,086.04
9/1/2031	\$505,443.74	8.5116%	\$3,585.11	\$9,086.04
10/1/2031	\$499,942.81	8.5116%	\$3,546.09	\$9,086.04
11/1/2031	\$494,402.86	8.5116%	\$3,506.80	\$9,086.04
12/1/2031	\$488,823.62	8.5116%	\$3,467.23	\$9,086.04
1/1/2032	\$483,204.81	8.5116%	\$3,427.37	\$9,086.04
2/1/2032	\$477,546.14	8.5116%	\$3,387.23	\$9,086.04
3/1/2032	\$471,847.33	8.5116%	\$3,346.81	\$9,086.04
4/1/2032	\$466,108.10	8.5116%	\$3,306.10	\$9,086.04
5/1/2032	\$460,328.16	8.5116%	\$3,265.11	\$9,086.04
6/1/2032	\$454,507.23	8.5116%	\$3,223.82	\$9,086.04
7/1/2032	\$448,645.01	8.5116%	\$3,182.24	\$9,086.04
8/1/2032	\$442,741.21	8.5116%	\$3,140.36	\$9,086.04
9/1/2032	\$436,795.53	8.5116%	\$3,098.19	\$9,086.04
10/1/2032	\$430,807.68	8.5116%	\$3,055.72	\$9,086.04
11/1/2032	\$424,777.36	8.5116%	\$3,012.95	\$9,086.04
12/1/2032	\$418,704.27	8.5116%	\$2,969.87	\$9,086.04
1/1/2033	\$412,588.10	8.5116%	\$2,926.49	\$9,086.04
2/1/2033	\$406,428.55	8.5116%	\$2,882.80	\$9,086.04
3/1/2033	\$400,225.31	8.5116%	\$2,838.80	\$9,086.04
4/1/2033	\$393,978.07	8.5116%	\$2,794.49	\$9,086.04

5/1/2033	\$387,686.52	8.5116%	\$2,749.86	\$9,086.04
6/1/2033	\$381,350.34	8.5116%	\$2,704.92	\$9,086.04
7/1/2033	\$374,969.22	8.5116%	\$2,659.66	\$9,086.04
8/1/2033	\$368,542.84	8.5116%	\$2,614.07	\$9,086.04
9/1/2033	\$362,070.87	8.5116%	\$2,568.17	\$9,086.04
10/1/2033	\$355,553.00	8.5116%	\$2,521.94	\$9,086.04
11/1/2033	\$348,988.90	8.5116%	\$2,475.38	\$9,086.04
12/1/2033	\$342,378.24	8.5116%	\$2,428.49	\$9,086.04
1/1/2034	\$335,720.69	8.5116%	\$2,381.27	\$9,086.04
2/1/2034	\$329,015.92	8.5116%	\$2,333.71	\$9,086.04
3/1/2034	\$322,263.59	8.5116%	\$2,285.82	\$9,086.04
4/1/2034	\$315,463.37	8.5116%	\$2,237.58	\$9,086.04
5/1/2034	\$308,614.91	8.5116%	\$2,189.01	\$9,086.04
6/1/2034	\$301,717.88	8.5116%	\$2,140.08	\$9,086.04
7/1/2034	\$294,771.92	8.5116%	\$2,090.82	\$9,086.04
8/1/2034	\$287,776.70	8.5116%	\$2,041.20	\$9,086.04
9/1/2034	\$280,731.86	8.5116%	\$1,991.23	\$9,086.04
10/1/2034	\$273,637.05	8.5116%	\$1,940.91	\$9,086.04
11/1/2034	\$266,491.92	8.5116%	\$1,890.23	\$9,086.04
12/1/2034	\$259,296.11	8.5116%	\$1,839.19	\$9,086.04
1/1/2035	\$252,049.26	8.5116%	\$1,787.79	\$9,086.04
2/1/2035	\$244,751.01	8.5116%	\$1,736.02	\$9,086.04
3/1/2035	\$237,400.99	8.5116%	\$1,683.89	\$9,086.04
4/1/2035	\$229,998.84	8.5116%	\$1,631.38	\$9,086.04
5/1/2035	\$222,544.18	8.5116%	\$1,578.51	\$9,086.04
6/1/2035	\$215,036.65	8.5116%	\$1,525.25	\$9,086.04
7/1/2035	\$207,475.86	8.5116%	\$1,471.63	\$9,086.04
8/1/2035	\$199,861.45	8.5116%	\$1,417.62	\$9,086.04
9/1/2035	\$192,193.03	8.5116%	\$1,363.23	\$9,086.04
10/1/2035	\$184,470.22	8.5116%	\$1,308.45	\$9,086.04
10/31/2035	\$176,692.63	8.5116%	\$1,253.28	\$9,086.04
12/1/2035	\$168,859.87	8.5116%	\$1,197.72	\$9,086.04
1/1/2036	\$160,971.55	8.5116%	\$1,141.77	\$9,086.04
2/1/2036	\$153,027.28	8.5116%	\$1,085.42	\$9,086.04
3/1/2036	\$145,026.66	8.5116%	\$1,028.67	\$9,086.04
4/1/2036	\$136,969.29	8.5116%	\$971.52	\$9,086.04
5/1/2036	\$128,854.77	8.5116%	\$913.97	\$9,086.04
6/1/2036	\$120,682.70	8.5116%	\$856.00	\$9,086.04
7/1/2036	\$112,452.66	8.5116%	\$797.63	\$9,086.04
8/1/2036	\$104,164.25	8.5116%	\$738.84	\$9,086.04
9/1/2036	\$95,817.05	8.5116%	\$679.63	\$9,086.04
10/1/2036	\$87,410.64	8.5116%	\$620.00	\$9,086.04
11/1/2036	\$78,944.60	8.5116%	\$559.95	\$9,086.04
12/1/2036	\$70,418.51	8.5116%	\$499.48	\$9,086.04
1/1/2037	\$61,831.95	8.5116%	\$438.57	\$9,086.04
2/1/2037	\$53,184.48	8.5116%	\$377.24	\$9,086.04

3/1/2037	\$44,475.68	8.5116%	\$315.47	\$9,086.04
4/1/2037	\$35,705.11	8.5116%	\$253.26	\$9,086.04
5/1/2037	\$26,872.33	8.5116%	\$190.61	\$9,086.04
6/1/2037	\$17,976.90	8.5116%	\$127.51	\$9,086.04
7/1/2037	\$9,018.37	8.5116%	\$63.97	\$9,080.47
	\$1.87			\$3,055,343.51